

## REPORT OF THE INTERNAL AUDITOR

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**SUBJECT:**  
**INTERNAL AUDIT REPORT FOR 2014/15**

Introduction

In accordance with the Public Sector Internal Audit Standards Pembrokeshire County Councils Internal Audit Service were commissioned as the appointed Internal Auditor for Pembrokeshire Coast National Park Authority for the current financial year 2014-15.

Following a risk based assessment of the Authority's services and key risk areas the following programme of assurance work was agreed:

- Review of Previous Year Agreed Action Plan
- Main Accounting System
- Payroll & Expenses
- Debtors
- Grant Funding Arrangements
- Information Governance
- Car Parks
- Cilrhedyn Woodland Centre
- Newport Information Centre
- Carew Castle

The audit work has been completed and actions to address control weaknesses and recommendations for improvement have been agreed by Senior Management and the Internal Audit service and are included within the final report. The internal audit report provides a review of controls reviewed within each area along with an assurance assessment.

Based on the audit work undertaken the Audit Managers Annual Internal Audit Opinion has been provided to assist the Section 151 Officer and the Committee with their assessment for the Annual Governance Statement.

**Recommendation: Members are asked to NOTE this report and comment on the planned actions.**

*(For further information contact Richard Griffiths – Finance Manager on ext 4815)*

# **Pembrokeshire Coast National Park Authority**

## **Audit Manager Annual Assurance Opinion 2014-15**

### **1.0 Introduction**

- 1.1 The Public Sector Internal Audit Standards came into effect on the 1st April 2013 and require the Audit Manager to “deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement”.
- 1.2 The purpose of the annual internal audit opinion is to contribute to the assurances available to the Section 151 Officer and the Committee which underpin the Committee’s own assessment of the effectiveness of the system of internal control. The audit work undertaken has been based on a risk assessment and the Committee will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement.

### **2.0 Internal Audit Work 2014-15**

- 2.1 The Internal Audit Plan for 2014-15 was a fully risk-based audit plan, which was agreed with Senior Management and approved by the Audit and Corporate Services Review Committee on the 16/07/2014.
- 2.2 The Internal Audit Plan for 2014-15 consisted of the following:
- Review of Previous Year Agreed Action Plan
  - Main Accounting System
  - Payroll & Expenses
  - Debtors
  - Grant Funding Arrangements
  - Information Governance
  - Car Parks
  - Cilrhedyn Woodland Centre
  - Newport Information Centre
  - Carew Castle

### **3.0 Audit Manager Opinion**

- 3.1 In order to form an opinion on each audit review, the Internal Audit Service have to obtain sufficient evidence on which to base their opinion and by necessity this results in testing on a sample or selected basis and having to place reliance on assurances provided by management. Due to this, we are unable to provide absolute assurance that all the governance, internal control, risk management and financial management arrangements in place in the areas audited are fully adequate and effective.

3.2 Based on the work undertaken by the Internal Audit Service during 2013-14, and agreement by management to implement the recommendations made following audit reviews, it is my opinion that overall, subject to variation between individual services/systems and the need for further improvement and development in some areas, generally substantial assurance can be given on the effectiveness of governance, internal control, risk management and financial management arrangements in place.

#### **4.0 Delivery of the Audit Plan**

4.1 The internal audit plan has been delivered in accordance with the schedule agreed by Senior Management and the Audit and Corporate Services Review Committee.

4.2 Our quality assurance and improvement programme has confirmed compliance with the mandatory requirements of the Public Sector Internal Audit Standards.

4.3 The conclusion on the individual areas audited are included in the final report. In summary substantial assurance was given on the following areas:

- Follow up of Previous Audit Action Plan
- Main Accounting System
- Payroll & Expenses
- Debtors
- Newport Information Centre
- Carew Castle (New Manager Guidance)

The following areas were given limited assurance:

- Grant Funding Arrangements
- Information Governance
- Car Parks
- Cilrhedyn Woodland Centre

4.4 In total 69 recommendations for improvement were made and 64 were accepted by management and remedial action agreed. The 5 rejected recommendations were considered by management who considered the action required and accepted the risk.



**Internal Audit Service**

**PRIVATE AND CONFIDENTIAL**

**Pembrokeshire Coast National Park Authority**

**Draft Report**

**Audit No. 316 (2014-15)**

<b>Current Assurance Rating 2014-15</b>	<b>Substantial</b>
<b>Previous Assurance Rating 2013-14</b>	<b>Substantial</b>

<b>Report issued to:</b>	<b>Tegryn Jones, Chief Executive Richard Griffiths, Finance Manager Alan Hare, Business &amp; Performance Manager</b>
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<b>Final report to be copied to:</b>	<b>Audit &amp; Corporate Services Review Committee</b>
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<b>Auditors:</b>	<b>Richard Edwards, Principal Auditor Justin Blewitt, Senior Auditor Christopher Veale, Senior Auditor</b>
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<b>Manager / Reviewer:</b>	<b>Jo Hendy, Audit &amp; Business Risk Manager Charlotte Hodges, Internal Audit Team Leader</b>
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<b>Fieldwork complete:</b>	<b>14/11/14</b>
<b>Draft report issued:</b>	<b>26/11/14</b>
<b>Management comments:</b>	<b>11/2/15</b>
<b>Final report issued:</b>	<b>13/2/15</b>

**Audit No. 316 (2014-15)****Pembrokeshire Coast National Park Authority**

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

**1.0 Introduction**

1.1 As part of the annual Internal Audit of the Pembrokeshire Coast National Park Authority (PCNPA) for 2014-15, reviews have been undertaken in relation to the arrangements in place for the following areas agreed by the Audit & Corporate Services Review Committee:

- Section A – Follow Up of Previous Audit (2013-14) Action Plan
- Section B – Main Accounting System
- Section C – Payroll & Expenses
- Section D – Debtors
- Section E – Grant Funding Arrangements
- Section F – Information Governance
- Section G – Car Parks
- Section H – Cilrhedyn Woodland Centre
- Section I – Newport Information Centre
- Section J – Carew Castle

**2.0 Audit Objectives**

- 2.1 To provide assurance to the PCNPA Management Team and the Audit & Corporate Services Review Committee that they have adequate governance, internal control, risk management and financial management arrangements in place for the above mentioned systems and services, which are operating effectively and assisting the PCNPA to achieve its objectives.
- 2.2 To provide assurance that the 2013-14 recommendations have been implemented.
- 2.3 To identify areas of weakness and risk, good practice and opportunity.

**3.0 Audit Methodology**

- 3.1 We took an evidence based approach to our audit review using interviews with staff, review of supporting documentation and sample testing to arrive at our opinion.

- 3.2 Compilation of a formal internal audit report making recommendations for improvement and adding value to the systems and services reviewed.

#### **4.0 Audit Opinion and Assurance Statement**

- 4.1 The audit review highlighted the adequacy and effectiveness of the governance, internal control, risk management and financial management arrangements in place within the systems and services reviewed. We have identified a number of opportunities for improvement to the adequacy and effectiveness of existing arrangements, which if implemented, would improve and add value to the systems and services reviewed.
- 4.2 The report is divided into sections for each area reviewed. Assurance statements on the adequacy and effectiveness of the arrangements in place for each of the systems and services reviewed are provided within each section.
- 4.3 The arrangements reviewed and tested and an opinion as to their adequacy and effectiveness are shown in tabular format (*Action Plan*) within each section of the report (sections A – J), along with the weaknesses and risks, good practice and opportunities identified during the audit review, comments and consequences, and recommendations for improvement.
- 4.4 Prompt action to implement these recommendations will improve the adequacy and effectiveness of existing governance, internal control, risk management and financial management arrangements within the systems and services reviewed and assist the PCNPA to achieve its objectives.

4.5 A summary of the recommendations is shown in the table below:

Audit Area		Assurance Rating <sup>1</sup>	Recommendations <sup>2</sup>						
			A1	A2	B1	A3	B2	C1	Other
A	Follow Up of Previous Audit Action Plan	Substantial	0	0	0	0	0	0	0
B	Main Accounting System	Substantial	0	0	0	0	3	0	3
C	Payroll & Expenses	Substantial	0	0	0	0	3	0	5
D	Debtors	Substantial	0	0	1	0	3	0	2
E	Grant Funding Arrangements	Limited	0	1	0	2	0	0	0
F	Information Governance	Limited	1	4	3	1	9	0	4
G	Car Parks	Limited	0	1	2	0	0	0	3
H	Cilrhedyn Woodland Centre	Limited	1	0	2	0	3	0	1
I	Newport Information Centre	Substantial	0	2	1	0	4	1	3
J	Carew Castle (New Manager Guidance)	Substantial	0	0	0	0	0	0	0
<b>Total</b>			<b>2</b>	<b>8</b>	<b>9</b>	<b>3</b>	<b>25</b>	<b>1</b>	<b>21</b>

## 5.0 Acknowledgement

5.1 It should be noted that all testing undertaken as part of this audit review was on a sample basis and therefore the results should be considered in this context.

5.2 We would like to thank all staff involved for their co-operation during the audit review. If the Internal Audit Service can be of any further assistance, please contact:

Richard Edwards, Principal Auditor (extension 5644)

Justin Blewitt, Senior Auditor (extension 5641)

Christopher Veale, Senior Auditor (extension 5572)

Jo Hendy, Audit Manager (extension 6213)

<sup>1</sup> A definition of the Assurance Ratings are shown at Appendix A

<sup>2</sup> A definition of the Recommendation Gradings are shown at Appendix B

**SECTION A – FOLLOW UP OF PREVIOUS AUDIT ACTION PLAN**

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>A1</b>	<b>Follow Up of Previous Audit Action Plan</b>				
A1.1	Accepted recommendations from the previous audit review have been implemented.	✓	Of the 28 Recommendations accepted in the previous audit review (2013-14), assurance was provided by the relevant service managers that 15 have been completed in full, 4 are no longer applicable (relating to grants no longer offered), 8 are currently in progress, and there was 1 recommendation where the risk has now been accepted. Details of the 8 that are currently in progress and the 1 where the risk has been accepted are shown in <b>Appendix C</b> , progress on these should continue to be monitored.	-	-



## Main Accounting System (SECTION B)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

1.1 The Main Accounting System was replaced during the previous financial year, and had only previously been reviewed as part of the external final account audit; as a result it was highlighted for internal audit review during the risk based audit planning process for the current financial year.

### 2.0 Audit Opinion and Assurance Statement

2.1 **Substantial Assurance**<sup>3</sup> can be given on the adequacy and effectiveness of the arrangements in place for the Main Accounting System based on the testing carried out.

2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:

- It was good to note that there was compliance with the majority of the expected controls as identified by CIPFA.
- The potential for additional control via revised access levels, electronic authorisation, and/or exception reports in regard to: the set up, amendment, and deletion of accounting codes; the completion of journals; and the transfer to and from suspense and holding accounts should be targeted.
- An office procedure manual for all functions relating to the Financial Information system should be prepared including: individual responsibilities; agreed practices; all accounting control functions, and the risks if procedures are not adhered to.

2.3 A summary of the recommendations for Section B is shown in the table below:

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<sup>3</sup> A definition of the Assurance Ratings are shown at Appendix A

Expected Arrangements (Controls)		Adequate & Effective <sup>4</sup>	Recommendations <sup>5</sup>						
			A1	A2	B1	A3	B2	C1	Other
B1	Policies and Procedures	✓	0	0	0	0	1	0	0
B2	Financial Information Systems	✓	0	0	0	0	0	0	1
B3	Budgetary Control	✓	0	0	0	0	0	0	1
B4	Coding Structure	✓	0	0	0	0	1	0	0
B5	Feeder Systems	✓	0	0	0	0	0	0	0
B6	Journals and Internal Transactions	✗	0	0	0	0	1	0	0
B7	Suspense and Holding Accounts ???	✓	0	0	0	0	0	0	1
B8	Bank Reconciliations	✓	0	0	0	0	0	0	0
B9	Capital Accounting	✓	0	0	0	0	0	0	0
B10	Final Accounts	✓	0	0	0	0	0	0	0
<b>Total</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>

<sup>4</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B


<sup>5</sup> A definition of the Recommendation Gradings are shown at Appendix A



## SECTION B – MAIN ACCOUNTING SYSTEM ACTION PLAN

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>B1</b>	<b>Policies and Procedures</b>				
B1.1	The organisations financial regulations/rules detail the accounting procedures to be followed.	✓	The Financial Standards (2012) were reviewed and it was confirmed the expected accounting procedures to be followed were clearly set out (Financial Standards 23-47).	-	-
B1.2	Procedures ensure that: - Statutory requirements and relevant accounting practices are complied with - The required accounting records are maintained.	✓	Compliance with statutory accounting practices is reviewed annually as part of Final Accounts audit undertaken by the Wales Audit Office (WAO). There were no issues noted (following the implementation of the new system) in the 2013-14 Final Accounts audit as noted in the WAO Management letter, or the feedback provided by WAO to PCNPA Committee Members.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B1.3	A statement detailing the organisation's accounting policies published with the final accounts.	✓	The Final Accounts for 2013-14 were found to include the appropriate accounting policies for PCNPA.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B1.4	A main accounting office procedures manual been established.	✘	<p>A detailed systems manual provided by the system provider 'Exchequer' was reviewed and could be seen to include all system functionality, including what needed to be done at various periods during the financial year, evidence was also seen that all finance staff completed the new system induction training provided by Exchequer.</p> <p>Finance Team Internal Procedure IP5 (Budgetary Control) was also seen to include the key tasks and responsibilities relating to the Budget Setting on the FIS. However a specific office/finance team procedure manual relating to all the FIS functions undertaken by the finance officers is not currently in place.</p>	<p>A specific FIS office procedure manual should be established for PCNPA to include: individual responsibilities; agreed practices; all accounting control functions, and the risks if procedures are not adhered to. All relevant staff should then be made aware of, and have ready access to the latest version of this document.</p> <p><b>Grade: B2</b></p>	<p>Acceptance: Accept</p> <p>Management Response: There are already a significant number of finance internal procedures. However a review of detailed notes from exchequer training will be undertaken to help formulate a FIS procedure manual.</p> <p>Timescale for Action: March 2015</p> <p>Responsible Officer: Finance Manager</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>B2</b>	<b>Financial Information Systems</b>				
B2.1	The purchase of the new Financial Information System (FIS) followed the proper procurement process.		Following notification in 2011 from the previous system provider (QLX) that their FIS would not be supported after 2015-16 Financial Year, a joint tender exercise was undertaken in association with Snowdonia National Park for a new system. It was confirmed a paper was presented to PCNPA committee on this in November 2012 and after appropriate advertising on Sell 2 Wales, and receiving demonstrations from the 3 providers short-listed, a joint decision (with Snowdonia) to purchase the new system from 'Exchequer' was made in February 2013. Further to set up of required specifications, implementation, training and testing during 2013, the new system went live on the 1/11/13. After fully testing the new system and on the advice of the software house it was decided parallel running with the old system was not necessary and QLX was effectively closed down on the 31/10/13.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B2.2	The financial information system(FIS) provides data required by users and accounting standards.		It was confirmed with the Finance Manager that the new system provides all the information required, including all that provided by the previous FIS. Review of the system output confirmed all expected reports were available.	-	-
B2.3	Controls are in place to ensure that transactions are correctly posted to the appropriate accounts.		It was confirmed that the new system had integrated sales and purchase ledgers, helping ensure transactions are correctly posted. The only external feeder systems as such are the Purchase Card and Payroll functions. Both of which were seen to have appropriate coding processes in place. As the Payroll function continues to be operated by Carmarthenshire County Council, and the coding structure they hold remains as set up on the old FIS, an automated look up table is in use to ensure codes are appropriately converted when the input file is received from them.	Ideally the new FIS codes would be provided to Carmarthenshire County Council Payroll team to avoid the need for conversion from the old payroll cost codes and the increased potential for error. <b>Grade: B3</b>	Acceptance: Accept  Management Response: We will consult with Carmarthenshire County Council on the feasibility of doing this. However the current procedure of using a lookup table is a seamless step in uploading the payroll journal and it does not cause any additional work or issues.  Timescale for Action: March 2015 Responsible Officer: Payroll manager

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B2.4	Controls have been established to ensure that closing balances are brought forward correctly.	✓	The full trial balances from the old system and as entered on the new FIS system as at the end of Period 7 (October 31st 2013) were checked, and it was confirmed that all balances brought forward on to the new system were as per the balances held on the previous system.	-	-
<b>B3</b>	<b>Budgetary Control</b>				
B3.1	An annual budget cycle is established to ensure that budgets are promptly prepared.	✓	The timing of the budget cycle is established in the PCNPA Financial Standards (FS 28 - FS 47), though this has had to be revised in part for the next financial year as the settlement from the Welsh Government was yet to be confirmed (November 11th 2015). The process followed and spreadsheet used to consolidate all financial details was reviewed with the Finance Manager however, and confirmed that expected practices were being followed.	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B3.2	Controls ensure that the budget and any subsequent alterations are referred to and approved by the managing body.	✓	In line with Financial Standards it was confirmed that the annual budget is presented to members prior to the start of the financial year (Feb 5th 2014 for the 2014/15 financial year), with quarterly updates seen to be provided subsequently during the year.	-	-
B3.3	Controls ensure that the budgets recorded on the FIS are accurate and bona fide.	✓	Testing with the Finance Manager evidenced that the budget on the FIS was the same as that approved by Members. Review of virements confirmed that all were authorised by the Finance Manager	-	-
B3.4	Responsibilities for budgetary control have been clearly defined.	✓	Evidence was provided that each budget had a named budget manager, and it was confirmed with a sample of budget managers that each had access to the FIS on-line and had been given instruction on how to use it. It was confirmed with service managers that they receive budget monitoring reports on a quarterly basis and that they are required to confirm the accuracy of the information provided. Testing confirmed queries are raised and responded to promptly.	-	-


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B3.5	The organisation has established a financial risk management process to determine its level of reserves.	✓	The calculation of reserves has historically been based on 5% of budget, based on a 3 year budget model. Changes to budgets have then fed into the 'effect on earmarked reserves' on a quarterly basis. Due to the current budget cuts the 3 year budget model is not currently in operation, and there is also pressure on maintaining the reserves at the previous levels. While there have been no issues with the process in place or queries raised by the external auditor in regard to current reserve balances, it may be an opportune time to move towards a more 'risk' based process, including review of the risk tolerance level that the Authority is prepared to accept.	Consideration should be given to establishing a clear risk based approach to help determine the required level of reserves. <b>Grade: B3</b>	Acceptance: Accept  Management Response: A review will be undertaken of the appropriate levels of financial reserves to be held under the current climate. Timescale for Action: 2015 Responsible Officer:  Finance Manager

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>B4</b>	<b>Coding Structure</b>				
B4.1	A code book listing all financial codes has been established.	✓	The vast majority of the current financial codes were set up in October 2013 and cross referenced to the existing code structure, the spreadsheet detailing these codes was satisfactorily reviewed during the audit. It was identified with the Finance Manager that a small number of additional codes have subsequently been set up and included in the code book.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B4.2	The FIS ensures that every accounting item is routed to its appropriate head via a financial code.	✘	It was noted that the five members of the finance team each have the ability to create, amend and delete accounting codes, and that there is no formal authorisation process prior to these actions being undertaken. This was discussed with the Finance Manager and agreed that while there are other linked controls it would be preferable to have a separation of duties in place to limit the associated risks, but due to the size of the team it was suggested this was difficult. Further consideration of the potential to limit the access rights and/or instigate an authorisation protocol for the set up, amendment and deletion of accounting codes is though recommended to help minimise the potential for erroneous and/or fraudulent transactions.	The potential to limit the access rights, and/or instigate an authorisation protocol for the set up, amendment, and deletion of accounting codes should be considered further. <b>Grade: B2</b>	Acceptance: Partially Accept  Management Response: The creation of news codes is currently limited to one finance staff and the Finance Manager. A record of all new account codes and cost centre is maintained. Any deviation from this is at the approval of the Finance Manager. It is not proposed to amend physical access rights on the system. Timescale for Action: Immediate  Responsible Officer: Finance Manager

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B4.3	Procedures ensure that invalid codes are identified and investigated.	✓	It was stated by the Finance Manager that there are minimal invalid codes during the course of a year, but where they occur these will be diverted to a suspense account and cleared on at least a monthly basis. The status of the suspense accounts was reviewed at the time of audit and confirmed as being cleared.		
<b>B5</b>	<b>Feeder Systems</b>				
B5.1	Controls ensure that debit and credit transactions posted during the year to the FIS net to zero.	✓	It was confirmed a trial balance is produced on a monthly basis and shows the total debit and credit transactions for both the period and year to date net to zero. The trial balance for Period 6 2014/15 was satisfactorily tested as part of this audit.	-	-
B5.2	Controls ensure that all data entered into the FIS is bona fide and authorised.	✓	It was confirmed with the Finance Manager on review of a sample of control accounts that there is a monthly reconciliation undertaken and that there were satisfactory reasons for any debit/credit balances.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B5.3	Processing controls ensure that data entered into feeder systems is accurate.	✓	As noted above a monthly reconciliation is undertaken to ensure that the control accounts for feeder systems net to zero and/or that there are satisfactory explanations for any balances. This was confirmed on review of the Period 6 (2014/15) balances with the Finance Manager.	-	-
B5.4	Controls ensure that regular reconciliations are undertaken to ensure that the FIS is correct.	✓	As noted above monthly reconciliations are completed, and are checked and signed off by the Finance Manager, evidence of this was satisfactorily tested during this audit.	-	-




No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>B6</b>	<b>Journals and Internal Transactions</b>				
B6.1	Controls ensure that posting errors are identified.		Review of manual journal entry sheets confirmed that all sheets are authorised by the Finance Manager. The potential risk with the current process is that if a journal entry sheet was not submitted to the Finance Manager for approval, there is no control that would either prevent the journal taking place or provide notification to the Finance Manager that it had been posted without his authorisation (though it would be recorded in the system audit log). It is probable that the new FIS could be set up to require an online authorisation of journals prior to them being posted and/or produce a report detailing all journal postings that had been made, either of which would provide a much stronger control to help remove the risk of inappropriate/erroneous postings.	Increased control is recommended to ensure that the Finance Manager is made aware (independently of the officers raising the journals) of all postings to the system, either via the set up of online approval prior to posting, or system reporting immediately after posting. <b>Grade: B2</b>	Acceptance: Partially Accept  Management Response: Finance Manger is aware of all journals being posted to the system. A record of the system posting reference number is recorded on the journal to confirm posting. We will however consult with the exchequer software as to whether this is practical to have on line approval. Timescale for Action: asap Responsible Officer: Finance Manager



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B6.2	Controls require journals and internal transfers to give details of the transaction and be authorised.	✓	<p>From the journals reviewed the required detail appeared to be provided and it was evident that an authorisation process is in place, as noted above though it could not be confirmed that all journal postings would be identified given the current control in place.</p> <p>It was confirmed that only the 5 members of the finance team can currently input journals/make internal transfers on the FIS.</p>	Refer to Recommendation B6.1	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B6.3	Procedures ensure that all inter-organisation transactions are accounted for in the FIS via internal transfer.	✓	The same officer preparing a journal can process it on the system, potentially prior to authorisation. Due to the size of the team it is unlikely that a separation of duty between preparation of journals and uploading them can exist, but the improvement over authorisation noted above should mitigate this risk if implemented.	Refer to Recommendation B6.1	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>B7</b>	<b>Suspense and Holding Accounts</b>				
B7.1	Controls ensure that unidentified and miscoded items within each feeder system are posted to suspense accounts.	✓	<p>A review of suspense accounts was undertaken with the Finance Manager and it was confirmed that these would be reviewed on a regular basis and/or identified as part of monthly reconciliation process. While all income and expenditure items would go to the same account rather than separate accounts for income and expenditure items, it was stated by the Finance Manager that there are so few this would not be a significant issue.</p> <p>It was again confirmed that due to the size of the team all 5 finance officer's can transfer items into/out of suspense and holding accounts. While it was noted that there would be an audit trail for such transactions and any associated journals should have been authorised, there would ideally be limited access to and /or additional checks on these accounts.</p>	<p>There should be limited access to and/or checks made on the items posted to/from suspense and holding accounts.</p> <p><b>Grade: B3</b></p>	<p>Acceptance: Reject</p> <p>Management Response: Disagree on the need to restrict access to control accounts. The accounts are reconciled monthly and necessary adjustments approved by the Finance Manager. The current procedure does not represent any risk to an organisation of our size.</p> <p>Timescale for Action:</p> <p>Responsible Officer:</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B7.2	Procedures ensure that transfers from holding accounts are made regularly and/or at the year-end.		A review of holding accounts was undertaken with the Finance Manager and it was confirmed that these would be reviewed on a regular basis and/or as part of monthly reconciliation process. Access to holding accounts is as for suspense accounts noted above.	-	-
<b>B8</b>	<b>Bank Reconciliations</b>				
B8.1	Controls ensure that bank reconciliations are undertaken on a regular basis.		It was identified that the monthly bank reconciliations are undertaken by two of the finance officers and reviewed by the Finance Manager. Although due to the size of the team this is not fully independent, the involvement of multiple officers in the process helps mitigate the associated risks.	-	-
B8.2	Procedures ensure that a statement is prepared at the year-end collating the entire organisation's bank balances.		Each monthly bank reconciliation was seen to include a statement on the balances for each of the Authority's bank accounts.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>B9</b>	<b>Capital Accounting</b>				
B9.1	<p>The organisation established:</p> <ul style="list-style-type: none"> <li>A capital accounting policy</li> <li>An asset register</li> <li>A valuations policy.</li> </ul>		<p>It was stated by the Finance Manager that due to the size of the Authority a Capital Accounting Policy was not warranted, however the asset register was reviewed and seen to be updated at the end of each financial year, while a valuations policy was also confirmed as being in place. The details held for an example asset were reviewed, and satisfactorily traced through the financial records, including revaluation, revisions to the asset register, ledger, and final accounts.</p>	-	-
B9.2	<p>Procedures ensure that the capital expenditure programme is reported to the managing body on a regular basis.</p>		<p>It was confirmed that Capital expenditure is reported as part of the quarterly monitoring report to the managing body.</p>	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B9.3	Procedures ensure that the fixed asset register is reconciled to the FIS as part of the year-end closedown procedure.	✓	Review of the process confirmed a year end reconciliation of the fixed asset register to the FIS. This was also documented in the year end close down procedures. It was confirmed the year end reconciliation of the Fixed Asset Register to the FIS is completed by the Finance Manager with a satisfactory audit trail maintained.	-	-
<b>B10</b>	<b>Final Accounts</b>				
B10.1	Closedown procedures been established.	✓	The Exchequer system user manual includes year end close down procedures, and an internal close down plan is also in place.	-	-
B10.2	Controls ensure that balances and assets are reported accurately in the FIS and balance sheet.	✓	It was stated by the Finance Manager with evidence provided in the feedback from WAO annual inspection that the accounts were accurately reported for the last financial year, following the implementation of the new accounting system midway through the period.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
B10.3	Procedures ensure that financial statements, final accounts and returns are in a form consistent with accounting requirements and recommendations.	✓	As noted above, the Finance Manager confirmed that the financial statements, final accounts and returns were all in accordance with the Code; this was confirmed in the management letter and feedback given by the WAO, evidence of which was provided.	-	-

## Payroll & Expenses (SECTION C)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

1.1 An audit review of the Payroll & Expenses function has been carried out as part of the Internal Audit Plan for 2014-15. The Payroll function was previously reviewed during the 2012-13 Internal Audit with Expenses last reviewed in 2007-08. As a result, Payroll & Expenses were highlighted for a joint review in the risk based audit planning process for the current financial year.

### 2.0 Audit Opinion and Assurance Statement

2.1 **Substantial Assurance**<sup>6</sup> can be given on the adequacy and effectiveness of the current Payroll & Expenses arrangements in place at the PCNPA.

2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:

- It was good to note that Payroll processes have been established with Carmarthenshire County Council and are being followed by the Payroll Manager. However there is a significant reliance on just one officer with no documented procedures in the result of their absence.
- Policies should be created for both Travel and Expenses as this would provide clarity on what staff members are eligible to claim for ensuring consistency across all claims.

2.3 A summary of the recommendations for Section C is shown in the table below:

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<sup>6</sup> A definition of the Assurance Ratings are shown at Appendix A

Expected Arrangements (Controls)		Adequate & Effective <sup>7</sup>	Recommendations <sup>8</sup>						
			A1	A2	B1	A3	B2	C1	Other
C1	General Management	✓	0	0	0	0	2	0	1
C2	Payments	✓	0	0	0	0	0	0	0
C3	Starters	✓	0	0	0	0	0	0	0
C4	Deductions	✓	0	0	0	0	0	0	1
C5	Input / Variations to Pay	✓	0	0	0	0	0	0	0
C6	Leavers	✓	0	0	0	0	0	0	0
C7	Reconciliation and Control	x	0	0	0	0	0	0	1
C8	Travel Expenses Policy & Procedures	✓	0	0	0	0	1	0	0
C9	Claims	✓	0	0	0	0	0	0	2
C10	Payment of Claims	✓	0	0	0	0	0	0	0
<b>Total</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>5</b>

<sup>7</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B

<sup>8</sup> A definition of the Recommendation Gradings are shown at Appendix A



## SECTION C – PAYROLL & EXPENSES ACTION PLAN

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C1</b>	<b>General Management</b>				
C1.1	The establishment is maintained independently of the Payroll Section.	✓	It was confirmed through discussions with the Payroll Manager that the Authority's establishment is maintained by the Personnel Manager independently of the Finance Section.	-	-
C1.2	Proposed changes to the establishment are reported to and approved by the managing body.	✓	Changes to the Authority's structure are reported to and authorised by Committee.  Evidence of this was provided by the Payroll Manager.	-	-
C1.3	Financial Regulations cover Payroll responsibilities.	✓	It was confirmed through viewing the Authority's Financial Regulations that Financial standards 48-59 covered generic Payroll responsibilities and that Financial Standards 60-70 covered travel expenses and subsistence issues.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C1.4	Timetable for payroll processing and input have been established and are followed.	✓	It was confirmed by the Payroll Manager that the Finance Section have some control over the timetable for processing and inputting data, dates are agreed in advance with Carmarthenshire County Council whose system is used to undertake the monthly payroll and BACs run.	-	-
C1.5	Written procedures relating to the Payroll system have been established and are followed in practice.	✓	<p>A copy of the written procedures for the addition and removal of employees from the resourcelink was provided to Audit by the Payroll Manager.</p> <p>There is currently no detailed documentation to fully carry out activities in the absence of the Payroll Manager.</p> <p>The procedures provided were confirmed as being updated during January 2014. The Payroll Manager also confirmed that where updates to the data input screen have been developed the internal procedures were amended to reflect them.</p>	<p>Documented procedures relating to the Payroll Manager's responsibilities should be put in place.</p> <p><b>Grade: B2</b></p>	<p>Acceptance: Partially accept.</p> <p>Management Response: There are some written procedures already in place. It is acknowledged that further procedures need to be drafted.</p> <p>Timescale for Action: April 2015</p> <p>Responsible Officer: Payroll manager</p>


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C1.6	A list of employees who are authorised to sign payroll data is maintained and this list is up to date.	✓	<p>An authorised signatory list was provided at the time of audit. It was evidenced that this list is maintained and kept up to date ensuring that the list only includes current staff members.</p> <p>It was noted that the Finance Manager's specimen signature was not present. This was due to the authorised signatory list also being used for Creditors, Debtors and Payroll.</p>	<p>The Finance Manager should be added to the Payroll Authorised Signatory list.</p> <p><b>Grade: C2</b></p>	<p>Acceptance: Accept</p> <p>Management Response: Finance Manger's signature will added to the existing single schedule of authorities signatures</p> <p>Timescale for Action: Immediate</p> <p>Responsible Officer: Finance Manager</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C1.7	Appropriate contingency arrangements have been established for relevant staff.	✘	It was confirmed through discussion that both Finance Assistants have used the Northgate system to perform certain tasks on an occasional basis, this was confirmed as being done through separate usernames and passwords. However, there is currently a significant dependence on the Payroll Manager to carry out the required monthly processes, as the contingency arrangements (in the event of an absence of the Payroll Manager) have not been fully carried out by the other staff members.	Contingency Arrangements should be fully tested in case of the absence of the Payroll Manager. <b>Grade: B2</b>	Acceptance: Partially Accept  Management Response: Other Finance staff have had training in Resource Link and are capable of performing certain key payroll procedures. Other contingency arrangements already in place under the existing SLA with Carmarthenshire County Council. These arrangements have been and will be tested.  Timescale for Action: January 2015 Responsible Officer: Finance manager

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C2</b>	<b>Payments</b>				
C2.1	The Payroll System prevents payments to an employee unless their record shows a tax code and cost code.	✓	The Payroll Manager confirmed that all employee starter forms contained relevant sections for including tax codes and cost codes and these were only processed once completed and authorised by a Team Leader.	-	-
C2.2	Controls are in place to ensure that pay and associated costs are correctly coded and charged.	✓	It was confirmed by the Finance Section that the entire Payroll amount is placed into a suspense account and then the Payroll Manager processes a journal to correctly code employee costs with an adequate level of detail. This split is as per the information authorised by the Finance Manager.	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C2.3	Procedures have been established to ensure that all payments are correct, secure and timely.	✓	<p>Procedures have been agreed between the Authority and Carmarthenshire County Council within the Service Level Agreement.</p> <p>Information is submitted securely via the resourcelink and via password protected attachments by the Payments Manager. Carmarthenshire County Council send a report pack summarising the information back to the Authority which is checked by the Payroll Manager and then by the Finance Manager. A summary of the BACS run is authorised by email from the Finance Manager or Business Performance Manager.</p> <p>The Finance Manager gave assurance that all the reports are checked prior to authorising the pay run. Evidence of signatures on the reports was viewed.</p>		

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C3</b>	<b>Starters</b>				
C3.1	Controls are in place to ensure that employee records are only created where an authorised post exists and where the required information and documents have been provided.	✓	Sample testing confirmed that employee records are only created on receipt of a Commencement of Employment form. These are authorised by an authorised signatory prior to input onto the system by the Payroll Manager.	-	-
C3.2	Procedures ensure all appropriate forms are promptly forwarded to the relevant internal and external bodies.	✓	It was confirmed by the Payments Manager that all records are completed by direct input on to the Northgate system via a portal.	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C3.3	<p>Controls are in place to ensure:</p> <ul style="list-style-type: none"> <li>a) starter details correspond;</li> <li>b) that notification is timely;</li> <li>c) that appropriate checks are carried out prior to and after processing and</li> <li>d) that starters are not paid before their official start date.</li> </ul>		<p>After the data submission is complete, a New Starters Report is provided to the Finance Section prior to the actual payment run detailing the data provided. This is checked and countersigned by both the Payroll Manager and Finance Manager.</p> <p>Sample testing confirmed that the physical records held matched the reports provided by Carmarthenshire County Council.</p>	-	-





No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C4</b>	<b>Deductions</b>				
C4.1	Procedures ensure statutory deductions are promptly actioned and authorised.	✓	A sample of employee deductions were viewed which confirmed that supporting documentation authorising the deduction was provided in each instance. During testing it was observed that a deduction was entered on to the system by Payroll in advance of the form's authorisation.	All deductions should only be entered on to the system following authorisation of the relevant form. <b>Grade: C2</b>	Acceptance: Accept  Management Response: Worth noting that the deduction didn't actually take place until after full Authorisation was given.  Timescale for Action: <b>Immediate</b> Responsible Officer: <b>Finance manager</b>


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C4.2	Suitable records are maintained of all deductions made.		<p>The Payroll Manager confirmed that physical evidence of the request to make deductions from an employee's pay are held on files split by the various deduction types.</p> <p>A report from Carmarthenshire County Council lists all the types of deductions in a single report, these are then checked for accuracy and completeness, which is signed and countersigned by the Payroll Manager and Finance Manager.</p> <p>A sample test of employee deductions was carried out which confirmed that records requesting deductions are held on file.</p>	-	-
<b>C5</b>	<b>Input / Variations to Pay</b>				
C5.1	Controls are in place to ensure requests are only actioned if they are on official paperwork and are properly authorised.		The Payroll Manager confirmed that there is not a standard change of circumstances form, but that amendments were only processed following approval from one of the Authorised officers on the signatory list.		


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C5.2	Management information reports are produced showing all amendments processed and resultant costs.	✓	Carmarthenshire County Council provides various reports following the monthly submission. However, no report covers all amendments processed (a risk accepted in the previous payroll audit), an overall summary of pay to each employee is though generated which is countersigned by the Finance Manager. Reports of particular note are reports for staff whose salary has increased in net value by 50% from the previous month and any employee paid over a £3,380 threshold for the month.		-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C6</b>	<b>Leavers</b>				
C6.1	Procedures are in place to ensure that leavers and transfers are only actioned if they are on official forms and properly authorised.		The Payments Manager confirmed that a standard form was used to allow authorisation by Team Leaders. This form was provided to Internal Audit and was evidenced when carrying out sample testing. An exception report provided by Carmarthenshire County Council flags any payments made to employees classified as employment terminated. Notes are made by the Payments Manager on this report justifying the exceptions where applicable. This is countersigned by the Finance Manager in accordance with the Financial Regulations.	-	-
C6.2	All appropriate forms should be promptly sent to the relevant external and internal bodies (e.g. P45; superannuation details).		The Payroll Manager confirmed that P45 details are no longer needed to be sent to the Inland Revenue as the EDI system gives updates direct through Carmarthenshire County Council. Evidence that the appropriate forms were sent to all leavers was confirmed.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C7</b>	<b>Reconciliation and Control</b>				
C7.1	Regular, independent checks and reconciliations are undertaken to ensure the payroll system is correct.		The Financial Standards (FS56) state that biannual checks should be carried out with Team Leaders to verify accuracy and completeness. Evidence and confirmation was given that these checks are only carried out annually (January).	The Finance Section need to comply with Financial Standard 56 and carry out biannual checks of the names on the payroll or amend the Financial Standard to reflect that it only needs to be carried out annually. <b>Grade: C2</b>	<p>Acceptance: Partially accept</p> <p>Management Response:</p> <p>We will trial this bi annually to assess its practicality and usefulness. If need be the next version of the financial standards will be amended accordingly</p> <p>Timescale for Action: July 2015</p> <p>Responsible Officer: Payroll Manager</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C8</b>	<b>Travel Expenses Policy &amp; Procedures</b>				
C8.1	The organisation has a documented travel and expenses policy in place that is reviewed and periodically updated.		Internal Audit was provided with the latest copy of PCNPA's Travel policy. This was last reviewed and approved in January 2012. It was confirmed by members of the Finance Section that there is not currently a formal expenses policy in place. Allowances are stated on a separate tab on the expenses claim spreadsheet.	A documented expenses policy should be approved and subject to annual review. <b>Grade: B2</b>	Acceptance: Partially Accept  Management Response: The subsidence policy does need reviewing but will done on a need's basis and not annually Timescale for Action: 2015  Responsible Officer: Finance Manager

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C9</b>	<b>Claims</b>				
C9.1	All claims are to be signed and authorised by a recognised manager.		A sample test was conducted for Travel and Subsistence claims which confirmed that all claims were authorised by a Team Leader whose' details matched those of the Official Authorised signatory list this was made more difficult in that there was no name to use to help check the signature. It was confirmed through testing that all Authorised Signatories were current members of staff.	All claims forms should be updated to include a requirement to enter the Signatory's name. <b>Grade: B3</b>	Acceptance: Accept  Management Response: The travel claim form will be updated for January 2015 claims and will show the printed name of the authorised signatory  Timescale for Action: <b>Jan 2015</b> Responsible Officer: Payroll Manager

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
C9.2	Claimants are required to: a) Sign form to certify their claim b) Submit the claim within prescribed time c) Provide receipts for evidence purposes d) Include detailed records of journeys		<p>All members of staff are made aware of the deadlines to complete claim forms for inclusion within the months reimbursement BACS run.</p> <p>The Payroll Manager confirmed that claim forms older than 6 months were not accepted and that any over 3 months required the approval from the Chief Executive.</p> <p>Sample testing confirmed that all claimants signed the relevant forms, all claim forms provided a fuel receipt where necessary and any other expenses also adhered to the claim allowances specified by the Authority.</p> <p>The staff provide detailed journeys which reconciled with the distances claimed however there were some instances where their standard daily travel was not deducted from the claim.</p> <p>Sample testing confirmed that the data entered by the Payroll Manager on the Payments system matched to the details provided on claim forms.</p>	<p>An email should be sent to Team Leaders raising awareness of overstated claims, and the need for standard daily mileage deductions to be made.</p> <p><b>Grade: C2</b></p>	<p>Acceptance: Partially Accept</p> <p>Management Response: Directors have approved the very few cases where netting off of standard journey does not occur. Team Leaders will be notified of any variance from these instructions</p> <p>Timescale for Action: Immediate</p> <p>Responsible Officer: Payroll Manager</p>



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>C10</b>	<b>Payment of Claims</b>				
10.1	A payments timetable has been established for processing claims.	✓	The Payroll Manager confirmed that a timetable has been established in that claims need to be provided to the Finance Section by the 5th of the month. This allows sufficient time for the Payroll Manager to complete submissions for Carmarthenshire County Council's deadlines.	-	-
10.2	Controls are in place to ensure that claims are only processed once the official form is fully complete and valid receipts are attached.	✓	The Payroll Manager gave assurance that only fully completed forms were accepted else they were returned. This included signatures from both the claimant and authorising officer; this was confirmed through sample testing. Sample testing also confirmed that all forms had been initialled by the Payroll Manager upon input on to the systems.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
10.3	Claims are distinguished from salary on claimants payslips and financial systems	✓	<p>It was confirmed through viewing of the Financial Systems with the Finance Manager that the various pay elements are coded out separately and easily distinguishable.</p> <p>The Payroll Manager provided evidence of reports that detailed the split between the various payments and deductions.</p> <p>Evidence was seen by Audit that the different elements of pay are clearly distinguished upon the employee payslips.</p>	-	-

## Debtors (SECTION D)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

2.0 An audit review of the Debtors function has been carried out as part of the Internal Audit Plan for 2014-15. The Debtors function has previously only been reviewed as part of the external final account audit; as a result it was highlighted for internal audit review in the risk based audit planning process for the current financial year.

### 2.0 Audit Opinion and Assurance Statement

2.1 **Substantial Assurance**<sup>9</sup> can be given on the adequacy and effectiveness of the current Debtor arrangements in place at the PCNPA.

2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:

- It was good to note that processes are in place requiring authorisation for orders which are to be written off and that amendments can't be carried out to manipulate existing debts.
- It was noted that there is a lack of separation of duties, with all Finance Officers responsible for raising, collecting and cancelling invoices on the system leaving the Authority exposed to possible fraudulent activities.
- Given the current financial climate there should be control in place for income owed to the Authority, introducing targets and monitoring against these should improve cash flow forecasting.

2.3 A summary of the recommendations for Section D is shown in the table below:

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<sup>9</sup> A definition of the Assurance Ratings are shown at Appendix A

Expected Arrangements (Controls)		Adequate & Effective <sup>10</sup>	Recommendations <sup>11</sup>						
			A1	A2	B1	A3	B2	C1	Other
D1	Debtors Policy & Procedures	✓	0	0	0	0	1	0	0
D2	Raising Invoices	✓	0	0	0	0	0	0	1
D3	Amendments to Invoices	N/A	0	0	0	0	0	0	0
D4	Payments	✗	0	0	1	0	0	0	0
D5	Debt Recovery	✓	0	0	0	0	1	0	0
D6	Write Offs	✓	0	0	0	0	1	0	0
D7	Monitoring & Reporting	✓	0	0	0	0	0	0	1
<b>Total</b>			<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>2</b>


<sup>10</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B

<sup>11</sup> A definition of the Recommendation Gradings are shown at Appendix A

## SECTION D – DEBTORS ACTION PLAN

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>D1</b>	<b>Debtors Policy &amp; Procedures</b>				
D1.1	The organisation's financial regulations cover debtor responsibilities.	✓	A copy of the organisations Financial Standards (reviewed 2012) were provided by the Finance Manager. Standards 100-120 covered responsibilities and procedures for collection of income; in particular Financial Standards 118-120 related specifically to Debtors, these are in line with expectations.	-	-
D1.2	The organisation has established fully documented debtors procedures and/or an office manual.	✓	The Finance/Personnel Assistant provided a copy of the written Debtors procedures that were last reviewed and updated during the first quarter of 2014. Though testing identified that not all of the processes detailed are being followed (further detail regarding the issues found can be found in the specific sections of the report). It was also noted that there is currently no minimum level set for raising an invoice which may lead to inefficient methods of collection.		

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D1.3	A list of authorised users and their approval limits is maintained.	✓	<p>The Exchequer system is restricted to the Finance Section. They are responsible for the input of Debtors on to the system. These are input on the system after they are provided with an authorised Debtors Invoice request form by a signature on the generic Authorised signature list. There are currently no limits in place for the amounts on invoices that they can raise.</p> <p>Approval limits are in place for the write off of invoices which are restricted to the Chief Executive and Finance Manager as specified within the Financial Standards (FS120).</p>	<p>There should be separate authorised signatory lists for Creditors/Debtors, and Payroll.</p> <p><b>Grade: B2</b></p>	<p>Acceptance: Partially,</p> <p>Management Response: Finance Manager signature to be added to the Authorised signature list for payroll purposes only.</p> <p>Timescale for Action:</p> <p>Responsible Officer:</p>



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>D2</b>	<b>Raising Invoices</b>				
D2.1	The organisation have established a bad and doubtful debtors list.		There is currently no formal list of bad and doubtful debtors which is expected to be in place as per Financial Procedure FP3.13 for Debtors invoicing and controls. The reason stated by the Finance section for this non compliance was due to the limited cases where a bad debt has been established. Hence, there has been no need to create a formal list.	A list of bad and doubtful debtors should be established as per the Financial procedures. <b>Grade: C2</b>	Acceptance: Accept  Management Response: A list will be set up and held on the Authority's intranet. However it worth noting that in the last 8 years the Authority has only experience 2 bad debts.  Timescale for Action: Immediate Responsible Officer: Finance Manager

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D2.2	Controls are place to ensure that data is accurate.	✓	<p>Discussion with the Finance officers confirmed that invoices requested are not checked by a 2nd officer prior to issue which is the CIPFA recommended practice, however sample testing did not identify any instances where an invoice was raised incorrectly.</p> <p>It was highlighted that although there is a standard form to be used to request the setup of a Debtor that centre's have the ability to raise their own at which point a copy of the invoice is then emailed to the Finance Section which allows for input onto the Exchequer system.</p> <p>Sample testing also confirmed that data held on the system appears accurate as audit was able to trace payments recorded as made on the system through to bank statement level and no issues were identified. All invoices provided suitable details relating to the reason the costs were incurred, the details of the recipient and the payee. The bank reconciliation provides a check and these reconciliations are authorised and signed off by the Finance Manager.</p> <p style="text-align: center;">52</p>	-	-




No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D2.3	The system identifies any invoices missing from the numerical sequence and any invoices raised but not dispatched.	✓	<p>It was observed that the Exchequer system automatically generates the next number for a new debtor entered. The Finance/Personnel Assistant confirmed that there is no manual procedure to circumvent this. Internal Audit were also informed that the various centres around the county raise their own invoices with their own invoice reference sequences but when provided to the Finance Section for input onto the Exchequer system they are automatically assigned a new reference number. The Finance/Personnel Assistant maintains a list of invoice references cross referenced to its system reference. This is done as the payment into the Authority accounts will usually only have the centre's reference.</p> <p>The Finance Assistant confirmed that all invoices raised are dispatched via post the same day.</p>	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D2.4	A master record of all periodical income is maintained.	N/A	It was confirmed by the Finance Section that there is currently no record of periodical income maintained and that the officer who deals with income in relation to these reoccurring charges manually generates one off invoices by submission of a Debtor request form. The Finance Manager advised the number of invoices involved does not merit automating this process		
<b>D3</b>	<b>Amendments to Invoices</b>				
D3.1	The reasons for requesting amendments to invoices recorded.	N/A	The Finance/Personnel Assistant confirmed that the Exchequer system does not allow for amendments to be processed once input of the Debtor is complete. This is due to it automatically posting the record to the ledger. The process in place for correcting an existing order is to complete an invoice cancellation request form and then to raise a new invoice for the new value.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>D4</b>	<b>Payments</b>				
D4.1	Separation of duties have been established to ensure that all monies paid are received intact.		Due to the limited size of the Finance section there is currently a lack of separation of duties. Currently all officers who raise the invoices on the Debtors system can also be responsible for posting income, issuance of reminder letters, and cancellation of debts. It would usually be expected that these roles are kept separate, as this opens up multiple risks, including the opportunity for fraud, and/or manipulation of the accounts around reporting periods.	Officers should not be responsible for raising invoices, recording of income and cancelling invoices; these duties should be kept separate. Where this is not possible additional checking procedures should be put in place (e.g. review of cancellation / debtor suppression reports). <b>Grade: B1</b>	Acceptance: Accept Management Response: Fi Timescale for Action: Immediate Responsible Officer: Finance Manager
D4.2	The organisation offers a variety of methods of payment to encourage payment.		Pembrokeshire Coast National Park Authority currently accepts income via various methods; Bank Transfer (BACS), Cheques, Credit Cards and Cash at their reception. They also negotiate payment plans allowing incremental payments and by providing this flexibility on payments to its customers it helps increase chances of payment and reduces delays in receiving payment.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D4.3	Controls are in place to ensure that payments are received in full and recorded correctly.	✓	<p>The bank reconciliation to the Debtor system is carried out by a separate officer to those who usually enter Debtors (though as noted in D4.1 above due to the size of the team there is some overlap). The Finance Manager also reviews all bank reconciliations.</p> <p>The suspense account was also viewed and items were cleared within a suitable time frame.</p>	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>D5</b>	<b>Debt Recovery</b>				
D5.1	A Debt recovery procedure has been established which specifies the types of action to be taken and timescales.		<p>The Authority has an established protocol for the follow up of outstanding debts. This is defined within the procedure manual.</p> <p>A first reminder is sent after 30 days, this comprises of a copy of the original stamped with payment overdue.</p> <p>A final reminder letter is sent 4 weeks after the due date.</p> <p>If after a further 2 weeks payment is still outstanding the Finance Manager is notified; and it in most cases a "Notice Before Proceedings" is actioned.</p> <p>Thereafter, the Financial Manager shall consider the commencement of county court proceedings to recover the debt.</p>	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D5.2	Reminders are automatically issued by the computer system.	✘	<p>The Finance/Personnel Assistant confirmed that reminders are done manually by the Finance Section on a weekly basis this is in-line with the Financial Procedures FP8.</p> <p>Testing observed that the reminders are generally being sent within the specified timescale, with certain allowances being made for staffing holidays.</p> <p>The lack of independency and requirement of manual intervention does expose ability for reminders to be suppressed.</p> <p>It was confirmed that the new system has in built functionality for reminders but the team had not had capacity to test this prior to the time of the Audit.</p>	<p>The system functionality should be tested and used if possible to automatically generate reminders and/or report where reminders have been suppressed.</p> <p><b>Grade: B2</b></p>	<p>Acceptance: Yes</p> <p>Management Response: Finance team will explore if the system can automatically generate reminders and/or report.</p> <p>Timescale for Action: a.s.a.p.</p> <p>Responsible Officer: Finance Manager</p>
D5.3	The organisation charges interest on the sum outstanding.	N/A	<p>The Finance Manager confirmed that PCNPA do not charge interest on outstanding sums. This was agreed because the additional income gained from interest charges would not offset the costs involved with calculating them so would not be economically beneficial to the Authority.</p>	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D5.4	Periodic statements are sent to debtors.	N/A	The Finance Manager and Finance/Personnel Assistant confirmed that the Authority does not send periodic statements to its debtors as they almost exclusively relate to one off payments, hence there is no need.	-	-
D5.5	The debt collection procedure is regularly monitored and reviewed for efficiency and effectiveness.	✓	It was indicated that the debt collection procedure had not been regularly monitored and reviewed, but it was confirmed that it was recently reviewed when the new Exchequer system was put in place (November 2013).	-	-
D5.6	Debts are only included in the debtor provision once recovery is deemed to be unlikely.	✓	There has only been one instance where a debt has had to be included in the debtor provision as recovery procedures did not yield a return. Evidence of the attempted recovery was provided and deemed satisfactory.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>D6</b>	<b>Write Offs</b>				
D6.1	Specific checks are made to try to identify 'gone away' debtors prior to considering debts for write-off.	✓	The Finance/Personnel Assistant provided evidence where County Court action was carried out to try to recoup the outstanding income in accordance with Financial procedures. It was only after the Court failed and issued the gone away response notification that the debt would be considered for write-off.	-	-
D6.2	The relevant income code entries are immediately reversed when debts are written off and that Customs & Excise are informed of all write-offs that included VAT.	✓	A write-off of an existing debt has only been necessary once, and full details of the proceedings have been retained and advice on how to reclaim VAT on Bad Debts has been sought from HMRC.	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
D6.3	Procedures ensure that only those debts officially approved are removed from the computer system.	<b>X</b>	<p>The current Financial Procedures FP3.6 allows cancellation of Debts by requiring an Invoice Cancellation Form to be completed by the originator of the invoice.</p> <p>As cancellations and write-off's are treated in the same way on the system there is a conflict between the procedures and regulations.</p> <p>The Financial Standards have only designated power to the Chief Executive and Finance Manager to write-off bad debts.</p>	<p>The Financial Procedures and invoice cancellation request form should be amended so that cancellations are authorised as per the Financial Standards.</p> <p><b>Grade: B2</b></p>	<p>Acceptance: Accept</p> <p>Management Response: Finance manager to countersign invoice cancellation request forms</p> <p>Timescale for Action: Immediate</p> <p>Responsible Officer: Finance Manager</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>D7</b>	<b>Monitoring &amp; Reporting</b>				
D7.1	Debt collection rate targets have been established and performance measured against these targets.	✓	It was confirmed by the Finance Manager that debt collection rates are not recorded or measured against targets. The reason provided was because successful collection occurs in the majority of cases with a bad debt occurring only once every few years, hence the success percentage is practically 100%. It should be noted that other types of performance indicators can be set such as Aged Debt Analysis to monitor time to receive income owed.	Debt Collection Rates and Performance Indicators should be formally established and periodically reported to management board to evaluate current performance <b>Grade: B3</b>	Acceptance: Reject  Management Response: See point made in D2.1 on the number of bad debts experienced by the Authority Timescale for Action:  Responsible Officer:
D7.2	Periodic debt levels and recovery performance reports are provided to the directors and managing body.	✗	The Finance Manager confirmed that debt levels are not currently reported and only used at the end of the financial year. It was evidenced that a Total Receipts and an Aged Outstanding Debtors report is generated monthly but this is not currently used to monitor performance.	Refer to Recommendation at 7.1 above	

## Grant Funding Arrangements (SECTION E)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

1.1 An audit review of Grant Funding Arrangements has been carried out as part of the Internal Audit Plan for 2014-15. Grant Funding Arrangements have not previously been audited, but were highlighted as a high risk area by Senior Officers during the audit planning process due to the current austerity measures.

### 2.0 Audit Opinion and Assurance Statement

2.1 **Substantial Assurance**<sup>12</sup> can be given on the adequacy and effectiveness of the Grant Funding Arrangements in place based on the testing carried out.

2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:

- It was good to note that work on mitigating the impact of potential reductions in the 'annual' grants received remains ongoing.
- There is potential for impact analysis to also be undertaken on the potential loss of grant funding for 'projects' that the Authority currently undertakes to support its strategic aims. Similarly the likely impact of reduced Authority support for joint funded projects could be further quantified.
- There is potential for the further clarification on the Authority's Core Functions, to help support the decision making process in regards to potential cutbacks resulting from grant funding reductions.

2.3 A summary of the recommendations for Section E is shown in the table below:

Expected Arrangements (Controls)		Adequate & Effective <sup>13</sup>	Recommendations <sup>14</sup>						
			A1	A2	B1	A3	B2	C1	Other
E1	Sustainability & Exit Strategies	✓	0	1	0	2	0	0	0
E2	Risk Management	✓	0	0	0	0	0	0	0
<b>Total</b>			<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>12</sup> A definition of the Assurance Ratings are shown at Appendix A

<sup>13</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B

<sup>14</sup> A definition of the Recommendation Gradings are shown at Appendix A

**SECTION E – GRANT FUNDING ARRANGEMENTS ACTION PLAN**

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1	<b>Sustainability &amp; Exit Strategies</b>				
E1.1	Grant funding periods are clearly defined.	✓	A list of the 25 grants currently received by PCNPA from the 11 different providers (totalling £5.8m in 2014/15) was reviewed with the Finance Manager, and the funding periods for each was confirmed. 15 of the Grants are received on a recurring annual basis, with the remaining 10 having been awarded for specific one-off projects lasting between 1 and 3 years.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1.2	The potential effects of grant reductions have been quantified and impact assessments undertaken.	✘	<p>Evidence of the discussions over the last 18 months between senior officers and members on the potential effects of a reduction in annual grants was provided during the audit, the main threat of which was summarised as being that reduced grant funding would necessitate a concentration of resources on the primary purposes of the Authority. It was evident that work on this remains on-going, with the meetings held during the course of the audit helping to quantify potential impacts of grant reductions.</p> <p>It was good to note that a "consolidated costs and activities schedule" had also recently been prepared (September 2014) to assist with impact assessment, and that this had been circulated to Members, setting out a summary of key facts and figures for each team within the Authority.</p> <p>(Continued on Next Page)</p>	<p>The impact of current grant funded projects in supporting key PCNPA strategies (such as the "Social Inclusion and Child Poverty Strategy and Action Plan") should be provided for members consideration (in a similar way to that provided in the "consolidated costs and activities schedule" for other services), to help clarify the priority of these services before the current funding comes to an end.</p> <p><b>Grade: A2</b></p>	<p>Acceptance: Partially Accept</p> <p>Management Response:</p> <p>The Authority has several initiatives which are fully grant funded. The very nature of these projects is that they are time and value specific. The financial obligations for these projects are matched by the duration and value of the grant. Members are fully aware of all aspect of the projects and how they meet N.P.A. objectives.</p> <p>Timescale for Action:</p> <p>Responsible Officer:</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1.2 cont.			<p>This included detail on principal activities undertaken, the Corporate Objectives they supported, along with additional detail on their costs, income, employee numbers and volume/throughput where applicable.</p> <p>It is the defined end date for certain of the 10 project specific grants however that was of concern to some officers, who suggested that unless alternative funding is identified, support for functions of the Authority that could be considered core would undoubtedly also come to an end .</p>		



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1.3	The potential implication of reduced grant funding on other sources of funding has been identified, with Senior Officers and Members appropriately advised.	✓	<p>Through discussion with the Finance Manager it was indicated that there was only limited impact of reduced grant funding affecting the Authority's ability to leverage other sources of funding.</p> <p>For capital projects the Authority is no longer as capable of providing match funding for grants as it has been previously, so there is likely to be limited impact at present on this.</p> <p>There are though several joint funded arrangements which the Authority currently contributes to which could potentially be affected if the PCNPA contribution is reduced, as 'match' funding from other organisations may subsequently also be withdrawn. It should be confirmed that Members are fully aware of such potential knock on effects.</p>	<p>It should be ensured that Members are fully aware of the potential impact on joint funded projects if the Authority's contribution toward these projects is reduced.</p> <p><b>Grade: A3</b></p>	<p>Acceptance: Accept</p> <p>Management Response: <b>Members have agreed a proforma to assess the business case and impact assessment of all major funding decisions. This will provide Members with information on the impact of all decisions</b></p> <p>Timescale for Action: Already underway</p> <p>Responsible Officer: <b>NP management team</b></p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1.4	Legislation changes/developments in respect of the grants are reviewed on a regular basis to gain early indications of any potential changes to the sustainability of the grants.	✓	<p>On review of the annual grants with senior officers it was evident that there is very regular contact with the grant providers, establishing the likely levels of funding for forthcoming periods, in particular the Welsh Government and Natural Resources Wales who provide the most significant/high impact funding.</p> <p>Monitoring the availability of funding for project specific grants is also undertaken, but this is naturally more difficult to forecast, and at the time of audit it was considered likely that this funding would end over the coming few years; the impact of which as noted above was indicated to be a curtailment of 'Social Inclusion' and other engagement projects which the responsible officers believe have been core to the objectives of the National Parks since their inception.</p>	Refer to Recommendation E1.3 above	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1.5	Contingency plans in the event of grant funding reducing or ceasing have been established and documented.	✓	As noted above it was evident that contingency plans are currently being developed for potential reductions in services funded via the annual grant funding received. However it was confirmed by the Finance Manager that at present where grant funding is due to come to an end for specific projects there are no contingency plans in place, and that given the current budget pressures the project activities currently supported (e.g. Walkability, and Your park your future) will need to cease unless further specific grant funds are identified.	Refer to Recommendation E1.3 above	When a grant funded activity comes to an end the Authority considers its options which include no longer providing the service, securing funding from an alternative source or funding the activity from core funds. This is an issue for members to decide

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1.6	Core functions of the Authority are not reliant on grant funding	✓	<p>All Authority functions are effectively reliant on grant funding, though as noted the majority are funded via annual grants with no specific end date. Whilst it was evident that contingency plans are being put in place, clarification on what are 'core' functions has not been set out.</p> <p style="text-align: center;">70</p>	<p>Clarifying the Authority's core functions should be considered to help ensure there is minimum impact on these functions, and to also help reduce potential opposition to the required cutbacks.</p> <p><b>Grade: A3</b></p>	<p>Acceptance: Accept</p> <p>Management Response: The work of the Authority is integrated and based on delivering the National Park Management Park Improvement plan. In many cases there is no clear distinction between core and non-core functions. Members decide the priorities for the Authority</p> <p>Timescale for Action: Already underway</p> <p>Responsible Officer: NP management team</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
E1.7	Services who could potentially be affected by the grant reducing or ceasing are aware of the potential implications.		It was evident through discussion with officers across the Authority that they are aware of the potential implications of reductions in grant funding. As noted above however it was also apparent that while funding levels remained uncertain so too did the specific operational impacts.	-	Yes – however, this is not a specific issue
<b>E2</b>	<b>Risk Management</b>				
E2.1	Risk registers/assessments are in place detailing the key risks associated with the grant funding reducing/ceasing and the management/mitigation of those risks.		It was confirmed that the corporate risk register includes reference to the potential reduction in grant funding both on Authority wide activities and specific grant projects. While mitigating actions are included against these risks, both remain high at present due to difficulty in limiting the potential effects.	-	-

## Information Governance (SECTION F)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

- 1.1 An audit review of the PCNPA's Information Governance arrangements has been carried out as part of the 2014-15 Internal Audit Plan.
- 1.2 Protecting personal information is a legal requirement under the Data Protection Act 1998. The Information Commissioner's Office now has a range of enforcement actions including the power to fine organisations up to £500,000 for non-compliance.
- 1.3 This audit review has assessed the PCNPA's Information Governance arrangements against the Public Services Network (PSN) "Local Data Handling Guidelines (August 2012)". The material in this document reflects good practice as set out in the ISO/IEC 27000 (Information Security Management) series and is also aligned with the Central Government Information Assurance Policy, produced by CESG (the National Technical Authority for Information Assurance).

### 2.0 Audit Opinion and Assurance Statement

- 2.1 **Limited Assurance**<sup>15</sup> can be given on the adequacy and effectiveness of the current Information Governance arrangements in place at the PCNPA.
- 2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:
  - Whilst the PCNPA does not hold much information which may be deemed as sensitive, the majority of employees spoken with did handle personal/confidential data of some form and it is important that this information is held and disposed of securely. The purchase of shredders for the main PCNPA offices would assist with this.
  - A comprehensive set of policies are in place but these are currently being reviewed. They should be updated as soon as possible in order that employees can formally sign up to them.
  - Ownership of the PCNPA information needs to be formally assigned in terms of naming a Senior Information Risk Owner and Information Asset Owners. The provision of training and raising awareness for all employees also requires improvement.

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<sup>15</sup> A definition of the Assurance Ratings are shown at Appendix A

- It would be useful for PCNPA to carry out an exercise to identify and carry out a risk assessment for all areas where personal/confidential information is held, and these can then be updated on a regular basis.
- The use of encryption for devices (e.g. laptops, removable media) and information (e.g. e-mails) sent off site which could potentially contain personal/confidential information, and data processing agreements where information is shared with external organisations, are also required to help safeguard this information.



2.3 A summary of the recommendations for Section F is shown in the table below:

Expected Arrangements (Controls)		Adequate & Effective <sup>16</sup>	Recommendations <sup>17</sup>						
			A1	A2	B1	A3	B2	C1	Other
F1	Policies & Procedures	✓	0	2	0	0	1	0	0
F2	People	✗	1	0	1	1	2	0	2
F3	Places	✗	0	2	2	0	3	0	1
F4	Processes & Systems	✗	0	0	0	0	3	0	1
<b>Total</b>			<b>1</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>9</b>	<b>0</b>	<b>4</b>

<sup>16</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B

<sup>17</sup> A definition of the Recommendation Gradings are shown at Appendix A



## SECTION F – INFORMATION GOVERNANCE ACTION PLAN

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>F1</b>	<b>Policies &amp; Procedures</b>				
F1.1	A comprehensive set of policies form the heart of the Information Governance regime. Policies are monitored and reviewed.		The PCNPA has a main ICT Policy Framework which covers areas including information security, software and hardware management, and records/information management. The policy also includes links to a number of other relevant policies including data protection, e-mail, freedom of information, access control, internet access, and use of PCNPA devices off PCNPA premises. The ICT Policy Framework is currently in the process of being updated.	The ICT Policy Framework (including the linked policy documents) should be reviewed and updated as soon as possible, with all employees formally signing up to the revised version (the possibility of carrying out the sign up process electronically via the HR system should be investigated further). <b>Grade: A2</b>	Acceptance: <b>Yes</b> Management Response: <b>In progress</b> Timescale for Action: <b>2015</b> Responsible Officer: <b>AH</b>
F1.2	Policies are communicated to employees.		The ICT Policy Framework is available on the PCNPA Intranet and employees have to acknowledge and sign up to the policy every three years. This is managed via hard copy forms held by IT though the new HR system does have the functionality to do this. A sample of employees was selected and all were aware of the ICT Policy Framework.	Refer to recommendation F1.1	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F1.3	Information Sharing Protocols are in place for sharing specific sets of information for a specific business purpose with partner agencies.	<b>X</b>	<p>The PCNPA currently make use of Carmarthenshire County Council's Payroll System and Pembrokeshire County Council's Planning System. Agreements are in place for each but are fairly limited with no mention of information security and data protection.</p> <p>The ICO's Outsourcing Guide for Small and Medium sized businesses states that "If you decide to use another organisation to process personal data for you, you will remain legally responsible for the security of the data and for protecting the rights of the individuals whose data is being processed (the data subjects)" and that "The DPA requires you to have a written contract with your chosen processor. The contract must ensure that the processor may only use and disclose the personal data in accordance with your instructions and must take appropriate security measures to protect the data".</p> <p>Further guidance is available at <a href="http://www.waspi.org/page.cfm?orgid=702&amp;pid=50176">http://www.waspi.org/page.cfm?orgid=702&amp;pid=50176</a></p>	<p>In accordance with the Data Protection Act, data processing contracts/information sharing protocols should be established with both Carmarthenshire County Council (in respect of the Payroll System) and Pembrokeshire County Council (in respect of the Planning System), as well as any other organisations with whom data is regularly shared.</p> <p><b>Grade: B2</b></p>	<p>Acceptance:  <b>Yes</b>  Management Response:  <b>Will request assurances</b>  Timescale for Action:  <b>Apr 2015</b>  Responsible Officer:  <b>AH</b></p>



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F1.4	Mechanisms are in place for reporting and managing information risk incidents.	<b>x</b>	<p>The PCNPA does not currently have a formal procedure in place for reporting and managing information risk incidents or breaches. Whilst the Authority is not aware of any incidents/breaches which have occurred, it is likely that these have occurred or will occur and it is important that a procedure is in place to fully investigate the circumstances, recover from the incident, put in place mitigating arrangements to help prevent a similar incident occurring, and make a decision on whether to inform the Information Commissioner and/or the parties involved.</p> <p>Further guidance is available from the Information Commissioner's Office (<a href="http://ico.org.uk/for_organisations/data_protection/~media/documents/library/Data_Protection/Practical_application/guidance_on_data_security_breach_management.pdf">http://ico.org.uk/for_organisations/data_protection/~media/documents/library/Data_Protection/Practical_application/guidance_on_data_security_breach_management.pdf</a>).</p>	<p>An Information Security Breach Policy should be documented including clearly defined responsibilities, procedures for investigating and recovering from a breach/incident, and the decision making process on whether to inform the Information Commissioner and/or the parties involved.</p> <p><b>Grade: A2</b></p>	<p>Acceptance: <b>Yes</b></p> <p>Management Response: <b>Will be investigated</b></p> <p>Timescale for Action:</p> <p>Responsible Officer:</p>






No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F1.5	A Risk Recovery Policy is in place for recovering from information risk incidents.		The PCNPA does not currently have a Risk Recovery Policy in place for recovering from information risk incidents. This could be incorporated into the Information Security Breach Policy.	Refer to recommendation F1.4	-
F1.6	Serious security incidents are reported to Cymru WARP. Serious network security incidents affecting GCSx (or similar) are reported to GovCertUK. Significant, actual or potential losses of personal information are notified to the Information Commissioner's Office (ICO).	<b>N/A</b>	The Business & Performance Manager and the ICT Manager informed Internal Audit that they were not aware of any incidents having occurred. A sample of employees confirmed that they were also not aware of any incidents. It is though important to ensure that a process is in place to make a decision on whether to inform relevant bodies (e.g. Information Commissioner's Office) and/or the parties involved.	Refer to recommendation F1.4	-
<b>F2</b>	<b>People</b>				
F2.1	The PCNPA is a member of the Cymru WARP (Warning, Advice and Reporting Point).		The ICT Manager informed Internal Audit that the PCNPA is a member of the Cymru WARP.	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F2.2	A Senior Information Risk Owner (SIRO) has been appointed to ensure there is accountability.	<b>X</b>	A Senior Information Risk Owner (SIRO) has not been appointed within the PCNPA. The Public Services Network (PSN) Local Public Services Data Handling Guidelines suggests that a SIRO should be appointed to ensure accountability. It states that "The SIRO should be a Senior Manager who is familiar with the information risk and the organisation's response. They should provide written judgement of the security and use of the business assets at least annually to support the audit process and provide advice to the accounting officer on the content of their statement of internal control."	A Senior Information Risk Owner (SIRO) should be appointed to ensure there is accountability for information risk management. The SIRO should also consider registering with the National Archives in order to receive the SIRO Newsletter. <b>Grade: A1</b>	Acceptance: <b>Yes</b> Management Response: <b>Will investigate the need/justification of a SIRO</b> Timescale for Action: <b>Apr 2015</b> Responsible Officer: <b>AH</b>



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F2.3	An Information Asset Owner has been assigned for each area of information.	<b>X</b>	Below the SIRO, there should be Information Asset Owners who operationally own the information within their area. As per the PSN's Local Public Services Data Handling Guidelines, their role should be to understand what information is held, how it is used and transferred, and who has access to it and why (refer to F3.2).	Information Asset Owners should be assigned for each area of information. <b>Grade: B1</b>	Acceptance: <b>Partial</b> Management Response: <b>Size and nature of authority probably does not justify individual asset owners – will investigate as part of F2.2</b> Timescale for Action: <b>Apr 2015</b> Responsible Officer: <b>AH</b>
F2.4	Training and documented guidance for Information Asset Owners is in place.	<b>X</b>	As no Information Asset Owners have been assigned, there is therefore no training or guidance available. Further information can be obtained from the National Archives "Role of the Information Asset Owner Guide".	Training and documented guidance for Information Asset Owners should be produced. <b>Grade: B2</b>	Acceptance: <b>Partial</b> Management Response: <b>See F2.3</b> Timescale for Action: <b>Apr 2015</b> Responsible Officer: <b>AH</b>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F2.5	An Information Security Manager has been formally identified (and is ideally Communications-Electronics Security Group (CESG) Certified).		Internal Audit was informed that information security is the role of the Business & Performance Manager and the IT Manager. Responsibility for IT security is documented within both job descriptions (Business & Performance Manager and the ICT Manager) but it may be desirable for this to be amended to cover information security as a whole (not just electronic information). Whilst the ICT Manager is not specifically CESG certified she does have a degree (Bachelor of Science with Honours) in Computation and a number of years experience.	The job descriptions of the Business & Performance Manager and the ICT Manager should be updated to reflect their responsibility for information security as a whole (rather than IT security). The role of SIRO should also be included within the relevant job description. <b>Grade: B3</b>	Acceptance: <b>Yes</b> Management Response: <b>See F2.2</b> Timescale for Action:  Responsible Officer: <b>TJ</b>
F2.6	All visitors to buildings are recorded and, wherever feasible, accompanied whilst on the premises.		Internal Audit observed that all visitors to the main building are recorded and assurance was given that wherever feasible they are accompanied whilst on the premises.	-	-




No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F2.7	A Corporate Information Governance Group chaired by the SIRO has been established and reports to senior management on a regular basis.		The PCNPA does not currently have a Corporate Information Governance Group as officers feel the Authority is not of sufficient size to justify this group.		
F2.8	An information charter/publication scheme has been published setting out how the Authority handles information and how members of the public can address any concerns they have.		A Publication Scheme is available on the PCNPA website and is based on the ICO model publication scheme. However, Internal Audit was informed that this does now need updating in line with recent ICO guidance.	The PCNPA Publication Scheme should be updated in line with the recent ICO guidance as soon as possible. Consideration should also be given to including links to relevant documents. <b>Grade: B3</b>	Acceptance: <b>Yes</b> Management Response: <b>In progress</b> Timescale for Action: <b>During 2015</b> Responsible Officer: AH/JE
F2.9	Recruitment training and induction raises awareness of Information Governance.		An induction checklist is in place which includes reference to data protection and freedom of information. This is ticked off when complete and signed off by the staff member and the manager.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F2.10	Information Governance awareness raising and training is conducted, with regular updates for all employees.	✘	There is no standard training or regular awareness raising for Information Governance. Any relevant information would be circulated as and when necessary (e.g. a new template for a FOI request was recently circulated). The ICO are also coming in to provide training for staff and members (open invite) in the next few weeks.	Information Governance training should be provided to all staff and members who handle personal and/or confidential information (the upcoming ICO training could be used as a basis for this) with regular awareness raising completed thereafter (possible options could be via the Intranet or via e-mail). <b>Grade: B2</b>	Acceptance: <b>Yes</b> Management Response: <b>Already happens on an as needed basis.</b> Timescale for Action: <b>2015</b> Responsible Officer:

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F2.11	Users and their access rights are identified and updated as necessary.		<p>A process is in place within the induction booklet for providing new starters with access to the network and any relevant systems/applications (line manager approval is required). An updated version of the induction booklet is being produced by IT to include this process within the checklist part of the induction (to evidence line manager authorisation and formal sign off of completion).</p> <p>By default, all employees are given read only access to all drives/folders (with the exception of the HR and Finance drives). A sample of new starters was tested and access to the network had been provided for each (where applicable).</p>	<p>The updated version of the Induction Checklist should be approved and circulated to employees as soon as possible to ensure that there is formal approval and sign off of network access being provided.</p> <p><b>Grade: C2</b></p>	<p>Acceptance: <b>Yes</b></p> <p>Management Response: <b>In Progress</b></p> <p>Timescale for Action: <b>2015</b></p> <p>Responsible Officer: JS</p>
F2.12	User access rights are removed on termination of their employment.		<p>An exit checklist is in place which includes removing access to the network for leavers. As with the induction booklet, the IT department are currently in the process of updating this checklist. IT also informed Internal Audit that they are provided with a list of leavers from Payroll on a monthly basis.</p>	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F2.13	All staff working remotely in the field, and from home, have received appropriate guidance and training.		The PCNPA does not have any official home workers though a small number of employees (e.g. IT, Finance Manager) have the ability to remote access on their PCNPA machines via a virtual private network (VPN) connection. Various policies/guidance are in place for this including the Policy for Using Authority Equipment away from Authority Premises, Use of PCNPA Devices Offsite and non-PCNPA Device Connections, and the Policy for Accessing PCNPA Data on non-PCNPA Machines.	-	-
<b>F3</b>	<b>Places</b>				
F3.1	Information Governance risks appear on the corporate risk register.		The corporate risk register does not currently make reference to Information Governance or Data Protection risk. The risk of the loss of key documents is included but this only covers documents held in the fire safe and not other personal/confidential information which could result in large fines if misappropriated.	The risks associated with Information Governance and Data Protection should be recorded on the corporate risk register. <b>Grade: A2</b>	Acceptance: <b>Yes</b> Management Response: <b>Risk is low as very limited personal data is retained</b> Timescale for Action: <b>During 2015</b> Responsible Officer: AH






No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F3.2	Regular risk assessments are undertaken to ensure the confidentiality, integrity, quality and availability of the information held.		Regular risk assessments of the information held by the PCNPA are not currently undertaken. Ideally these would be completed on at least an annual basis. A template Information Asset Risk Assessment is available from Pembrokeshire County Council which could be used as a basis for this.	A risk assessment should be undertaken for each information asset on at least an annual basis. <b>Grade: B2</b>	Acceptance: <b>Yes</b> Management Response: <b>Will investigate the practicality and benefits of assessments</b> Timescale for Action: <b>2015</b> Responsible Officer: AH
F3.3	A Business Continuity plan is in place which is reviewed and tested on at least an annual basis.		An IT Disaster Recovery Plan is in place and is currently being tested. Some tests have already taken place and a lessons learnt document produced which will then feed back in to update the plan. A copy of the plan is also held by the IT staff on secure encrypted memory sticks. A Business Continuity Plan is also currently in the process of being drawn up.	The Business Continuity Plan should be completed at the earliest opportunity and should then be reviewed and tested on a regular basis (at least annually). <b>Grade: A2</b>	Acceptance: <b>Yes</b> Management Response: <b>In progress</b> Timescale for Action: <b>2015</b> Responsible Officer: <b>AH</b>
F3.4	Buildings and premises are secure and all employees are issued with ID cards.		Assurance was given that all buildings are secure and ID cards are issued to all employees. Site visits as part of the audit confirmed that premises were secure and sample testing confirmed that all employees had ID cards.	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F3.5	Personal and confidential information held on paper is held securely. Paper files are transported securely.	✓	Personal and confidential information was held securely within the main PCNPA office. However, to provide assurance on information held at satellite sites, it would be worthwhile carrying out an exercise to identify all properties where personal and confidential data is held and the associated security arrangements for each of these (building alarmed, information held in locked cabinets etc.). Again a template is available from Pembrokeshire County Council which could be used as a basis for this.	An exercise should be completed to identify all premises where personal/confidential information is held, and the associated security measures at each of these sites. Any areas of risk should then be addressed. <b>Grade: B1</b>	Acceptance: <b>Yes</b> Management Response: <b>Will investigate</b> Timescale for Action: <b>2015/16</b> Responsible Officer: <b>AH/JE</b>
F3.6	A clear desk/clear screen policy is implemented.	✓	The PCNPA does not currently operate a clear desk policy as it is believed that the majority of information held is not personal or confidential. The ICT Manager informed Internal Audit that it would be expected that any personal/confidential information (e.g. HR, Finance) would be held securely.  The ICT Policy Framework does include the provision for computer screens to be locked when unattended.	A Clear Desk Policy should be operated and documented in accordance with best practice. <b>Grade: B3</b>	Acceptance: <b>Partial</b> Management Response: <b>Impractical given the mixed nature of the work and the office environment.</b> Timescale for Action:  Responsible Officer:

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F3.7	Information (whether electronic or paper based) is disposed of securely (where possible a CESG approved product or service should be used).	✘	<p>In the main offices at Llanion, hard copy information is disposed of via a Reisswolf confidential waste bin in the canteen. This is a locked receptacle so information cannot be accessed once it has been entered, and the bin is emptied approximately three times per year. Shredders are not available on site. However, with only one confidential waste bin present, there is potential for information to be placed in the recycling rather than confidential waste. Evidence of personal data (names and addresses) being placed in normal recycling was seen during the audit. Audit visits identified that shredders were available in outlying sites (e.g. Carew Castle, Cilrhedyn, Newport Information Centre).</p> <p>IT equipment is disposed of via the IT department. Assurance was given by the ICT Manager that equipment is wiped in house before also being passed to a contractor to be wiped.</p>	<p>PCNPA officers need to ensure that all hard copy personal information is disposed of securely.</p> <p><b>Grade: B1</b></p>	<p>Acceptance:</p> <p><b>Accept</b></p> <p>Management Response: Staff will be reminded to ensure documents containing sensitive data are placed in the secure bin'</p> <p>Timescale for Action: <b>2015</b></p> <p>Responsible Officer: AH</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F3.8	A record of all IT assets is maintained and is updated / tested regularly.	✓	An IT Inventory is in place and is updated as and when purchases and disposals occur. The inventory is not currently tested.	The IT Inventory should be tested on a regular basis (at least annually) to confirm its accuracy. <b>Grade: B2</b>	Acceptance: <b>Partial</b> Management Response: <b>Inventory is partially checked when updated. Insufficient staff resources available and other priorities mean this is impractical</b> Timescale for Action:  Responsible Officer:



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F3.9	The use of unencrypted removable media is avoided. Where the use of removable media is unavoidable, encryption is used.	✘	<p>Removable media is permitted within PCNPA and these do not currently have to be encrypted. A sample of employees was selected and the majority stated that they only use removable media on rare occasions. It would therefore be prudent to block the use of unencrypted devices and issue encrypted devices (centrally via IT) to those who require them (a stock of encrypted devices could also be held to loan to those users who only use them on rare occasions).</p> <p>The ICT Manager informed Internal Audit that this issue would be raised in the forthcoming data protection training later this month.</p>	<p>The use of unencrypted removable media devices should be blocked and any devices required by employees should be encrypted and issued centrally via IT (a stock of encrypted removable media devices could also be held to loan to those users who use them infrequently).</p> <p><b>Grade: B2</b></p>	<p>Acceptance: Accept</p> <p>Management Response: We will investigate use of memory sticks e.t.c. , and if these are used for sensitive data we will introduce encrypted devices</p> <p>Timescale for Action: 2015</p> <p>Responsible Officer: AH/JW</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>F4</b>	<b>Processes &amp; Systems</b>				
F4.1	The SIRO and Information Asset Owners (IAO) understand fully where information is created, processed, stored and destroyed.		The IT department maintain a list of shared drives and systems/applications which provides details of where electronic information is held. The completion of Information Asset Risk Assessments for each of these information assets and identification of all premises where hard copy personal/confidential data is held would assist the PCNPA in identifying and risk assessing all areas where information is held.	Refer to recommendation F3.2 & F3.5	-
F4.2	Information is transmitted, stored and processed on systems which offer adequate levels of assurance, security and protection for the information in use.		All systems within the PCNPA use Active Directory access. The main systems in use containing personal data are the HR system, Payroll system, Finance system and Planning system. Assurance was given on the security of each of these systems.	-	-
F4.3	All processes relating to systems operation and interfacing are documented with up to date information.		The IT department have documented various procedures and information in relation to each system. A central record of these is maintained with links to the relevant documentation.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F4.4	All systems containing personal information have had Privacy Impact Assessments carried out on them.		Privacy Impact Assessments are not something which have previously been completed at the PCNPA. However, this is something that should be considered for any future projects involving personal data going forward (e.g. a new IT system for storing personal data, a data sharing initiative, a new CCTV system).	Consideration should be given to completing a Privacy Impact Assessment for all future projects involving personal data e.g. a new IT system for storing personal data, a data sharing initiative, a new CCTV system). <b>Grade: B3</b>	Acceptance: <b>Yes</b> Management Response: <b>Will consider if relevant to new systems</b> Timescale for Action: <b>2015</b> Responsible Officer: <b>AH</b>
F4.5	Suppliers and contractors for all third party systems are subject to the organisation's policies and procedures.		The PCNPA currently use Pembrokeshire County Council to host their Planning System and Carmarthenshire County Council to host their Payroll system. Agreements are in place with each of these but do require strengthening in terms of data protection and information security roles and responsibilities.	Refer to recommendation F1.3	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F4.6	Independent experts are engaged to test the ICT systems and make recommendations.	<b>X</b>	The PCNPA do not currently engage any independent experts to test the ICT systems.	Independent penetration testing of the PCNPA IT systems should be undertaken to provide assurance on the arrangements in place and identify any potential weaknesses. <b>Grade: B2</b>	Acceptance: <b>Yes</b> Management Response: <b>Will investigate possible experts and costs</b> Timescale for Action: <b>2015</b> Responsible Officer: JW
F4.7	Where information needs to be shared between public sector organisations, the Public Services Network (PSN) or GCSx (Government Connect) is used wherever possible. Encryption is used to share data with other organisations.	<b>X</b>	The PCNPA do not have to sign up to the Public Services Network. A sample of employees was selected and the majority confirmed that they regularly send personal and confidential information outside of the PCNPA to various recipients electronically (including members of the public, Welsh Government, Local Authorities). No encryption is currently used when sharing this data. An open source product called Djigzo is available at no cost (Pembrokeshire County Council currently uses this).	Information electronically transferred outside the PCNPA should be encrypted to protect it from interception and unauthorised access. <b>Grade: B2</b>	Acceptance: <b>Yes</b> Management Response: <b>Need to identify what personal data is send and to whom – possible misunderstanding between auditors and staff</b> Timescale for Action: <b>2015</b> Responsible Officer: <b>AH/JW</b>



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
F4.8	Remote access is secure so that information can be viewed or amended without being permanently stored on the remote computer.		The PCNPA does not have any official home workers. As stated previously, a small number of employees do though have the ability to remote access on their machines. These laptops are not encrypted and if they were lost or stolen the information contained could in theory be accessed. The ICT Manager stated that this issue would be raised at the forthcoming data protection training later this month.	Remote access to the PCNPA systems should only be undertaken using encrypted laptops to minimise the risk of information loss in the event of the laptop being lost or stolen. <b>Grade: B2</b>	Acceptance: <b>Partial</b> Management Response: <b>Remote access is used under limited circumstances and is controlled thru secure VPN. Laptops should not contain sensitive information.</b> Timescale for Action: <b>Already in place</b> Responsible Officer: <b>AH</b>
F4.9	Remote access control is secure.		Assurance was given by the ICT Manager that remote access is via a secure VPN.	-	-

## Car Parks (SECTION G)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

- 1.1 An audit review of the PCNPA's Car Parks has been carried out as part of the 2014-15 Internal Audit Plan.
- 1.2 The PCNPA currently operate 42 car parks, of which charges are levied at 10 (1 of these is managed by the Community Council, 2 are manned, and the remaining 7 are unmanned – at Saundersfoot, the Harbour Commission provide a presence at the car park). There are ongoing discussions with Pembrokeshire County Council concerning the management of car parks.

### 2.0 Audit Opinion and Assurance Statement

- 2.1 **Limited Assurance**<sup>18</sup> can be given on the adequacy and effectiveness of the PCNPA car parks.
- 2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:
  - PCNPA currently own a number of car parks at which no charges are levied. Charges are also not levied during the winter months (donations are requested). In the current climate, a review of all car parks would be prudent to identify if charges could be levied at these car parks and/or whether to charge during the winter months, as a potential additional income stream.
  - A review of the current arrangements for the car park managed by Solva Community Association, the two manned car parks (Newport & Poppit), and the car park arrangements with Saundersfoot Harbour Commission should be carried out to identify whether they offer value for money. The use of pay and display machines (managed in house) at each of these sites would appear to offer better value for money and could again be a potential additional income stream.

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<sup>18</sup> A definition of the Assurance Ratings are shown at Appendix A

2.3 A summary of the recommendations for Section G is shown in the table below:

Expected Arrangements (Controls)		Adequate & Effective <sup>19</sup>	Recommendations <sup>20</sup>						
			A1	A2	B1	A3	B2	C1	Other
G1	Community Council Car Parks	✘	0	0	1	0	0	0	1
G2	Unmanned Car Parks	✓	0	1	0	0	0	0	1
G3	Manned Car Parks	✘	0	0	1	0	0	0	0
G4	Penalty Charge Notices	✓	0	0	0	0	0	0	1
G5	Budget Monitoring	✓	0	0	0	0	0	0	0
G6	General	✓	0	0	0	0	0	0	0
<b>Total</b>			<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

<sup>19</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B


<sup>20</sup> A definition of the Recommendation Gradings are shown at Appendix A


## SECTION G – CAR PARKS ACTION PLAN

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>G1</b>	<b>Community Council Car Parks</b>				
G1.1	Community Council managed car parks provide the PCNPA with value for money.	<b>X</b>	<p>On a financial level the Community Association and Harbour Commission managed car parks do not appear to provide the PCNPA with value for money. The PCNPA currently has one car park which is managed by the Community Association (Solva) and a documented agreement is in place (this arrangement has been in place for two years with profits being split equally). Internal Audit was informed that this arrangement may not continue next year.</p> <p>A spreadsheet record is sent to the PCNPA detailing the tickets sold, money taken, and the money due to the PCNPA.</p> <p>Physical audit tickets are not submitted but assurance was given that the Area Car Park Warden takes readings at the start and end of summer in order to reconcile expected income to income received (these were not observed during the audit as the file was with the Car Park Warden).</p>	<p>a. A review of the two car parks which are currently part outsourced (Solva and Saundersfoot) should be undertaken to determine whether they are providing value for money. Alternative options (such as pay and display machines emptied by the PCNPA Area Car Park Warden) would appear to be a more cost effective option.</p> <p><b>Grade: B1</b></p>	<p>a. Acceptance: <b>Accept - partial</b></p> <p>Management Response:</p> <p>Timescale for Action: <b>Early 2015</b></p> <p>Responsible Officer: <b>AH</b></p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G1.1 (cont)			<p>Testing did identify that £12.5k of income in relation to Solva car park for 2014-15 had been miscoded to the Newport car park budget.</p> <p>An arrangement is also in place with Saundersfoot Harbour Commission whereby their staff monitor the car park (providing visibility on site) and empty the machines and they receive 10% of the income (a pay and display machine is on site).</p> <p>A monthly spreadsheet is sent to the PCNPA detailing the tickets sold, money taken, and the money due to the PCNPA. Physical audit tickets are not submitted but assurance was given that the Area Car Park Warden takes a reading at the start and end of summer in order to reconcile expected income to income received (these were not observed during the audit as the file was with the Area Car Park Warden).</p>	<p>b. The £12.5k of income in relation to the car park at Solva which had been miscoded to the Newport car park budget should now be recoded to the correct budget.</p> <p><b>Grade: C2</b></p>	<p>b. Acceptance: Yes</p> <p>Management Response: This miscoding was identified by Finance team but had not yet been actioned.</p> <p>A full report on car parks will be presented to NPA early in 2015.</p> <p>Timescale for Action: <b>Feb 2015</b></p> <p>Responsible Officer: AH/RG</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G1.1 (cont)			<p>A review of net income for each charging car park over the last few years identified that in the year these arrangements commenced, the income for every PCNPA managed car park either increased or decreased slightly (no more than £1k) whilst for Saundersfoot it fell by £13k and for Solva it fell by £27k (refer to Appendix A).</p> <p>The Area Car Park Warden already visits other car parks near or within the vicinity of these car parks and there would therefore be minimal additional costs if he were to empty pay and display machines at these sites too (a pay and display machine is already installed at Saundersfoot and would cost approximately £3k to install at Solva). Though it should be noted that the warden does not just empty the P&amp;D machines. Each site takes between 30 and 60 minutes depending on size, number of vehicles, amount of litter and state of machine, and he already travels about 100 miles each day.</p>		



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>G2</b>	<b>Unmanned Car Parks</b>				
G2.1	Unmanned car parks provide the PCNPA with value for money.		<p>Unmanned car parks where pay and display machines are present appear to provide the PCNPA with value for money. The PCNPA currently manages 6 unmanned car parks (Broad Haven, Little Haven, Newgale, Freshwater East, Manorbier, and St David's). The machines are relatively cheap to purchase (approximately £3k) and negate the issues of staff recruitment.</p> <p>However, there are risks associated with the use of pay and display machines including maintenance issues and the lack of a permanent presence on site. However, these are mitigated against via a maintenance agreement with the service provider (Metric) with a 24 hour response time and insurance cover for loss of income whilst machines are out of use. The risk of a lack of presence on site may also be partly mitigated against as the PCNPA are liaising with Pembrokeshire County Council regarding the possibility of their enforcement officers also covering the PCNPA car parks.</p>	<p>a. Car park charges should be reviewed and approved by the relevant Committee in accordance with Regulation 116 of the PCNPA Financial Standards. <b>Grade: C2</b></p> <p>b. A review of all car parks should be completed to determine the potential for charges to be introduced. The cost of a pay and display machine is approximately £3k and if potential annual charges are likely to exceed this, the machine would pay for itself within a year. <b>Grade: A2</b></p>	<p>a. Acceptance: <b>Partial</b> Management Response: <b>Charging is considered by Members regularly and recently indicated no desire for increases.</b> Timescale for Action: <b>Annually</b> Responsible Officer: AH</p> <p>b. Acceptance: <b>Partial</b> Management Response: Increasing number of charging car parks is reviewed regularly, but lack of power supplies, limited income, extra staff to collect cash and impact on local economy minimises benefits Timescale for Action: <b>Annually</b> Responsible Officer: AH</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G2.1 (cont)			<p>It was also noted that PCNPA currently have 37 car parks but only charge at 10. There may be potential for additional income if charges were to be introduced at these other sites (depending on the size of each car park and whether the associated income would cover the associated costs).</p> <p>Charges for the car parks have also not been increased for 4 years and should now be reviewed and approved by the relevant Committee in accordance with Regulation 116 of the PCNPA Financial Standards.</p>		
G2.2	<p>Sequentially numbered audit tickets (showing the number and value of transactions) are produced by the pay and display machines for the period concerned.</p>		<p>A site visit to Freshwater East and Manorbier car parks was undertaken to observe the process. Internal Audit confirmed that the pay and display machines produce sequentially numbered tickets showing the expected income each time the machine is emptied (one of these is placed in the box for Loomis to reconcile when they count the income and the other is attached to the daily income sheet).</p>	-	-





No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G2.2 (cont)			A sample of weeks was tested and audit tickets were attached to the daily income sheets and were sequential for each car park.		
G2.3	Car park pay and display machines are emptied on a regular basis.	✓	<p>The Car Park Attendant works 5 days per week during the summer season and attempts to empty the machines on at least a daily basis (sometimes twice daily). Income is returned to Llanion where it is bagged up and placed in the safe for collection by Loomis (weekly collections during the summer season and fortnightly otherwise).</p> <p>Charges are only made for 7 months of the year April - October) with the machines switched to donation only for the winter months. The car park attendant then works one day per week and empties the machines on a weekly basis.</p> <p>A site visit to Freshwater East and Manorbier car parks was undertaken to observe the process but neither machine required emptying due to the minimal funds (approximately £25 in each).</p>	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G2.4	Cash is collected from the pay and display machines in secure sealed boxes.	✓	<p>Cash is collected from the pay and display machines in secure sealed boxes (and replaced with an empty box). On return to Llanion, the cash is bagged up (but not counted) and placed in the safe ready for collection and counting by Loomis. As only one officer is involved there is a risk of misappropriation but any significant discrepancies would be identified via differences between the actual cash and the audit ticket.</p> <p>A site visit to Freshwater East and Manorbier car parks was undertaken to observe the process but neither machine required emptying due to the minimal funds (approximately £25 in each).</p>	-	-
G2.5	The cash boxes' mechanisms ensure that all openings are sealed on retraction (i.e. money cannot be removed other than by opening the box using a key).	✓	Cash boxes cannot be opened without the relevant key. A site visit to Freshwater East and Manorbier car parks was undertaken to observe the process. Keys are retained by the Area Car Park Warden with spare sets held in the key safe. The finance department confirmed they are also aware of the code for the key safe.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G2.6	Car park income is counted "blind". An independent check is undertaken to ensure that the total cash counted was banked promptly and intact per the receipted copy bank paying in slips, which are retained for reference.		Car park income is not counted by PCNPA. Cash is collected by Loomis who count it and record any discrepancy with the audit ticket. Again, there is potential for misappropriation but any significant discrepancy would be identified by differences between the audit ticket and the actual cash. Loomis send reports through detailing any discrepancies and no significant discrepancies were noted during the audit.	-	-
<b>G3</b>	<b>Manned Car Parks</b>				
G3.1	Manned car parks provide the PCNPA with value for money.		The PCNPA manages two manned car parks at Poppit and Newport and these do not appear to provide value for money. For 2013-14, the income at Poppit was just over £37k whereas there was expenditure of just over £9k on car park attendants (net income of just over £28k). For the same period at Newport, income was just under £21k and expenditure was just over £10k (net income of just under £11k).	A review of the two manned car parks which are currently managed by PCNPA (Newport and Poppit) should be undertaken to determine whether they are providing value for money. Alternative options (such as pay and display machines emptied by the PCNPA Area Car Park Warden) would appear to be a more cost effective option. <b>Grade: B1</b>	Acceptance: <b>Partial</b> Management Response: <b>This is frequently considered but extra staff would be needed to collect cash &amp; there are difficulties with power supplies at Newport (PCC refused access to their supply here and at Solva).</b> Timescale for Action: Responsible Officer:

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G3.1 (cont)			<p>The use of pay and display machines in these car parks would significantly reduce expenditure (only the initial £3k cost for each machine and any minor additional costs in emptying the machines - the Area Car Park Warden could though incorporate these into his current workload) and therefore increase the net income received. It is appreciated that there are other risks associated with pay and display machines such as individuals not paying and/or the machines breaking down but these can be (and are) mitigated against to a certain extent by other controls (such as maintenance contracts, insurance for loss of income, and the use of Pembrokeshire County Council enforcement officers to monitor the site).</p>		

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G3.2	Car park attendants have been issued with sequentially numbered tickets and these are reconciled to income by an independent officer.	✓	Car park attendants are issued with manual tills which print the car park tickets. A Z till reading (sequentially numbered) is printed when the till is emptied for banking and these are reconciled to the income by the car park attendant and the Area Car Park Warden. Finance also reconcile the tickets to cash banked. A sample of weeks was tested and no issues were arising.	-	-
G3.3	Income is banked promptly and intact.	✓	Sample testing confirmed that income from manned car parks was banked promptly and intact.	-	-
G3.4	Season tickets are subject to appropriate dual controls, with income banked promptly, intact and accounted for in the financial ledger.	✓	Seasonal tickets are sold from a numbered counterfoil receipt book (the design is changed each year). These are sold from Llanion as well as the Regency Hall in Saundersfoot, The Gallery in Little Haven, and the cafe at the Pebbles. Assurance was given that sales of seasonal tickets are reconciled by the Business & Performance Manager. No testing of these was undertaken during the audit.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G3.5	Processes are in place to cancel any lost/stolen season tickets and update records/advise car parking officers of those no longer valid.		A £10 charge should be levied for lost/stolen tickets but the Business & Performance Manager informed Internal Audit that this did not always happen (depending on the circumstances). Replacement seasonal tickets are issued from Llanion but Internal Audit was informed that the number issued is low. It was also noted that stolen tickets would be of little use as the ticket displays the car registration. No testing of these was undertaken during the audit.	-	-
<b>G4</b>	<b>Penalty Charge Notices</b>				
G4.1	Penalty Charge Notices are issued in accordance with the PCNPA's application for Civil Parking Enforcement.		A historic Car Parking Enforcement Order is in place but is currently being updated to include all car parks. A draft order has been documented and negotiations are currently ongoing regarding the use of Pembrokeshire County Council enforcement officers to patrol PCNPA car parks.  Income from Penalty Charge notices is minimal (£112 in 2013-14 and £503.67 in 2014-15 to date). No testing of this was undertaken during the audit.	The draft Pembrokeshire County Council (Pembrokeshire Coast National Park) (Off-Street Parking Places) Order 2014 should be finalised and approved as soon as possible. <b>Grade: C2</b>	Acceptance: <b>Yes</b> Management Response: <b>Have been working with PCC for many years to update order but this has never been a priority for them.</b> Timescale for Action: <b>2015?</b> Responsible Officer: <b>AH</b>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>G5</b>	<b>Budget Monitoring</b>				
G5.1	Car parking source records (e.g. banking) are reconciled to the financial ledger on a regular basis.		For unmanned car parks, the financial ledger is updated once details of income have been received from Loomis (approximately weekly during the summer season and fortnightly otherwise). A sample period was tested and no issues were arising.  For manned car parks, income is banked by the Car Park Attendant and is reconciled to the ledger by the Business & Performance Manager and Finance. A sample period was tested and no issues were arising.	-	
<b>G6</b>	<b>General</b>				
G6.1	Car park procedures have been documented and are reviewed on a regular basis.		The Area Car Park Warden has documented procedures for his role. Documented procedures for Car Park Attendants are also in place.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
G6.2	An up to date inventory is maintained of all pay and display machines showing the identity, reference and location of each machine.	✓	An inventory of pay and display machines is maintained.	-	-
G6.3	All car parks, machinery and contents are adequately insured.	✓	The Business & Performance Manager gave assurance that the pay and display machines are covered as part of the all risks insurance policy (this does not specifically list every item but covers an overall value of equipment). Insurance for loss of income when machines are damaged is also in place and evidence of this being claimed was viewed on the ledger. Assurance was also given that the safe and driver's vehicle are adequately insured.	-	-



## Cilrhedyn Woodland Centre (SECTION H)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

1.1 An audit review of the Cilrhedyn Woodland Centre has been carried out as part of the 2014-15 Internal Audit Plan.

### 2.0 Audit Opinion and Assurance Statement

2.1 **Limited Assurance**<sup>21</sup> can be given on the adequacy and effectiveness of the arrangements in place for the Cilrhedyn Woodland Centre as a decision on its future needs to be made.

2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:

- Clarification on the future of the Woodland Centre needs to be established as soon as possible, but should it continue in its current form the issues raised/recommendations made will need to be addressed.
- The Woodland Centre currently has no real strategy and carries out little marketing and promotion. If the Centre is to continue in its current form then it is extremely important to have a clear strategy for increasing income and minimising expenditure.
- Due to the minimal resources available, there is at times a lack of separation of duties in respect of the receipt and banking of income. Thorough reconciliation of income is therefore of increased importance but is not currently completed on a regular basis.
- With a large volume of stock held outside (and in the un-alarmed drying shed) and given the recent attempted robbery, the security arrangements at the site should now be reviewed.
- There is currently no stock control system in place with stock not always marked and/or recorded when received. Without proper stock controls, there is a risk that stock could be misappropriated without being identified.
- Due to the nature of the work, it is not possible to record every possible charge on the price list. However, where prices charged do not directly correlate to the standard price list, it is important that evidence of how these were calculated is recorded.

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<sup>21</sup> A definition of the Assurance Ratings are shown at Appendix A

2.3 A summary of the recommendations for Section H is shown in the table below:



Expected Arrangements (Controls)		Adequate & Effective <sup>22</sup>	Recommendations <sup>23</sup>						
			A1	A2	B1	A3	B2	C1	Other
H1	Value for Money	✓	1	0	0	0	0	0	0
H2	Strategy	✓	0	0	1	0	0	0	0
H3	Budget Monitoring	✓	0	0	0	0	0	0	0
H4	Stocks, Stores, Security & Safety	✗	0	0	1	0	2	0	1
H5	Income	✓	0	0	0	0	1	0	0
H6	Purchases	✓	0	0	0	0	0	0	0
<b>Total</b>			<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>1</b>


<sup>22</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B

<sup>23</sup> A definition of the Recommendation Gradings are shown at Appendix A

**SECTION H – CILRHEDYN WOODLAND CENTRE ACTION PLAN**



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H1	<b>Value for Money</b>				
H1.1	Other potential options for providing the service have been considered.	✓	It was confirmed by Senior Officers that all potential options for the Cilrhedyn Woodland Centre are currently being considered.	A review of all the options identified is required to identify the best way forward. It is important that any such review considers all direct income and expenditure for the store as well as any indirect income and costs which may be incurred (e.g. potential additional expenditure from buying gates/posts from an external supplier). <b>Grade: A1</b>	Acceptance: Accept  Management Response: A process of public consultation, options evaluation and committee presentations is underway.  Timescale for Action: By Spring 2015  Responsible Officer: Head of Park Delivery

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>H2</b>	<b>Strategy</b>				
H2.1	A strategy for the Cilrhedyn Woodland Centre has been documented, formally approved and is reviewed on a regular basis.		A Business Development Strategy was documented in 2012-13 but is now out of date. If a decision is made to continue with the use of Cilrhedyn as a timber store then a current strategy should be documented.	If a decision is made to continue with the use of Cilrhedyn as a timber store then a strategy should be documented to include promotion and marketing of the store (in an attempt to increase revenue) and the reduction of costs (to minimise expenditure). <b>Grade: B1</b>	Acceptance: Accept Management Response: If this centre continues in its present or a related form, such a document will be essential. Timescale for Action: Summer 2015 Responsible Officer: Head of Park Delivery
<b>H3</b>	<b>Budgeting</b>				
H3.1	Costs are minimised wherever possible.		Assurance was given that costs are minimised wherever possible. Examples of cost savings implemented in recent years include greater use of softwoods, conversion of the sewage system, and the reduction of the presence at the County Show and St Davids event.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>H4</b>	<b>Stocks, Stores, Security &amp; Safety</b>				
H4.1	Entry to the store and to stock is secure with restricted access.		An intruder alarm and motion sensors are installed on the main building at the Woodland Centre. Internal Audit was informed that there have been some issues recently with the alarms being set off at night by the wind and it is important that this is rectified as soon as possible to avoid staff members being called out unnecessarily. It was noted that the majority of stock is held outside or in the drying store and that neither of these areas are alarmed (the drying store is padlocked). It is though appreciated that the majority of these items are large items and would require some form of machinery The store has also had no issues regarding security until this month when an attempted robbery was undertaken (but was unsuccessful). In light of this, it may be prudent to consider potential additional security measures at the store. to remove.	A risk assessment should be completed to assess the need for additional security measures to be implemented at the store. Potential options include the use of CCTV (or dummy cameras) or motion sensor security lighting. <b>Grade: B2</b>	Acceptance: Accept  Management Response: This will be done in house  Timescale for Action: Christmas 2014  Responsible Officer: Head of Park Delivery & Cilrhedyn Supervisor

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H4.2	A list of key holders is maintained and all key holders have signed to evidence receipt/return of their keys.	✓	A list of key holders is maintained but key holders do not currently have to sign to evidence receipt/return of their keys.	All current key holders should sign to confirm receipt of their key. All future issues and returns should then be evidenced by the signature of the employee. <b>Grade: B3</b>	Acceptance: Accept  Management Response: This will be added to the key list and signatures obtained  Timescale for Action: Christmas 2014  Responsible Officer: Cilrhedyn Supervisor/ Administrative Asst.
H4.3	CCTV is located throughout the Centre and is monitored on a regular basis. Recordings are stored securely and reused or destroyed in accordance with guidelines.	✗	The store does not currently operate CCTV.	Refer to recommendation H4.1	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H4.4	Satisfactory stock control processes are in place with physical checks undertaken on a regular basis.	<b>X</b>	<p>There is currently no stock control system in place at the store with some stock marked when it comes in but the majority is not. This was completed previously (including measuring the size of the timber) but due to the reduction in the size of the team this has now stopped. An exercise was completed to identify non productive time and this stock taking process was deemed not necessary. As such, there is no record of stock in and stock out (and therefore no record of the current expected stock levels). Internal Audit was informed that if a substantial amount of stock went missing then this would be identified but if small amounts were missing this would likely not be identified.</p> <p style="text-align: center;">115</p>	<p>A stock control process should be introduced to record stock in and stock out in order that the expected stock level can be identified at any given time. This should then be reconciled to actual stock on a regular basis.</p> <p><b>Grade: B1</b></p>	<p>Acceptance: Accept  Management Response:  There is an annual stock check and an analysis made with regards cost of sales margins. A better system would be a desirable process but the complexity of the raw materials – several species in different grades, moisture content, FSC registered or not, delivered with different measurement systems and then converted into a wide range of products makes the operation of such a process very time consuming. With the Cilrhedyn Supervisor working both above his role to cover gaps left by the Coed Cymru post and to fill gaps in the team left by reduced staffing of workshop assistants this is not currently possible. Any plan for staffing and resource would need to address this issue adequately. In the meantime the staff concerned need to be particularly cautious to keep track of materials and products at a time of expected change.  Timescale for Action:  Summer 2015  Responsible Officer: Head of Park delivery</p>



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H4.5	An annual stock take and valuation is undertaken.		An annual stock take and valuation is carried out by Finance and employees from the Woodland Centre. Internal Audit was though informed that the valuation does not take into account the form of the wood i.e. it is all valued the same regardless of whether the wood is in the form of round wood, sawn wood or completed products.	-	-
H4.6	The stock reconciliation sheets are independently verified.		The annual stock take is signed by two officers with Finance also present.	-	-








No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H4.7	An inventory of equipment at the store is in place which includes make, model and serial number.	✓	An inventory of equipment is maintained (including make, model and serial number where applicable) and was recently reviewed in November 2014 (usually done annually at year end). Handheld tools are not currently included on the inventory.	The inventory should be updated to include all hand held tools. <b>Grade: B2</b>	<p>Acceptance: Accept</p> <p>Management Response: A hand tool inventory was held in the past (and still exists) but updating was stopped when a limit of &gt;£50 was introduced (This was in line with a decision about inventories park wide). In view of the changes that may occur on this site, this level of inventory will be reintroduced.</p> <p>Timescale for Action: January 2015</p> <p>Responsible Officer: Cilrhedyn Supervisor</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H4.8	A check of all the items recorded within the inventory is made to the physical items on a regular basis.	✓	Assurance was given that items on the inventory are checked to the physical items on an annual basis.	-	-
H4.9	Expensive items and electrical equipment is security marked.	✓	Assurance was given that all equipment of value is security marked with a UV pen.	-	-
H4.10	All equipment (e.g. electrical, fire alarms, fire equipment, emergency lighting, hoists) is subject to regular maintenance and servicing.	✓	Machinery, electrical items, and fire alarms/equipment are subject to annual servicing and inspection, and all were up to date at the time of the audit.	-	-
H4.11	Designated first aiders and first aid equipment is available on site at all times.	✓	Two employees at the store are first aid trained (and complete a refresher each year) with one other also trained in first aid at work.  First aid equipment is located at various locations around the site.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H4.12	Employees have been provided with Health & Safety training.	✓	Employees at the store have been provided with various Health & Safety training with records of expiry/renewal dates maintained.	-	-
H4.13	The store is inspected annually by a Health & Safety inspector.	✓	The store was subject to a Health & Safety inspection from the Health & Safety Executive (HSE) in June 2013. The feedback was positive with just a few minor good practice points raised. A document to address these was produced and returned to the HSE for their approval with action now completed or ongoing for the majority of these.	-	-
<b>H5</b>	<b>Income</b>				
H5.1	Prices are formulated in accordance with approved documented procedures.	✓	The Woodland Centre has two price lists, one for external and one for internal sales. A costing calculator is used to calculate prices and prices were reviewed in 2013-14.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H5.2	Job sheets are completed for each job with a clear breakdown of the costs.		<p>A sample of jobs (internal and external) was selected and job sheets had been completed for all external jobs and internal orders had been completed for all internal jobs.</p> <p>The associated costs were clearly broken down on each and for the majority these prices could be directly trailed to the price lists. However, due to the nature of the work it is not possible to include every eventuality on the price list (e.g. measurements required could fall between measurements included on the price list) and where prices charged did not directly correlate, it was not always clear how the price had been arrived at.</p>	<p>Where the prices charged do not directly correlate to the set price list, evidence of how this price has been calculated should be recorded on the job sheet/order.</p> <p><b>Grade: B2</b></p>	<p>Acceptance: Accept</p> <p>Management Response: This is usually done and will be done reliably in future</p> <p>Timescale for Action: <b>Immediate</b></p> <p>Responsible Officer: Cilirhedyn Supervisor</p>
H5.3	Invoices are generated promptly and include VAT where applicable.		The introduction of the card payment machine at the store has resulted in a number of customers paying for their orders at the time of ordering and has reduced the number of invoices that have to be issued. Sample testing confirmed that invoices had been raised promptly (and included VAT) where payment had not been made up front.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H5.4	Receipts are issued for all income received.		A sample of jobs was selected and invoices or receipts were present for each.	-	-
H5.5	Dual controls are in place (and evidenced), with more than one officer involved in the income collection procedures.		Dual controls are in place on the majority of occasions but due to staff resources this is not always the case. At times, the Admin Assistant undertakes the whole process from income collection to banking. However, the risk associated with this is reduced by the fact that the majority of payments are made by card (and not cash). Increased budget monitoring via detailed reconciliation of expected income (job sheets/receipt book) to actual income (on the ledger) would reduce this risk further.	-	-
H5.6	All income is held securely prior to banking.		Assurance was given that all income is held securely in the safe prior to banking.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H5.7	Income is banked promptly.		Sample testing confirmed that income is banked promptly (approximately weekly/fortnightly).	-	-
H5.8	All income is reconciled to the ledger on a regular basis.		The Head of Park Delivery gave assurance that budget monitoring takes place to reconcile income to the ledger. However, due to the occasional lack of dual controls there is potential opportunity for this to be enhanced further (refer to H5.5).  A sample of income was trailed to the ledger and no issues were arising.	-	-
H5.9	All refunds issued are recorded, approved and reconciled to the ledger.	<b>N/A</b>	Internal Audit was informed that refunds are a rare occurrence and have only occurred on one occasion. No testing of this area was therefore undertaken.	-	-
H5.10	A Debt Management Policy is in place.	<b>N/A</b>	This will have been covered as part of the PCNPA Debtors audit.	-	-
H5.11	Debts are regularly monitored and proactively pursued.	<b>N/A</b>	This will have been covered as part of the PCNPA Debtors audit.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>H6</b>	<b>Purchases</b>				
H6.1	Relevant employees are aware of the procurement arrangements under Financial Regulations.	✓	Assurance was given that the employees responsible for purchasing were aware of the PCNPA Financial Standards.	-	-
H6.2	All orders for goods and services are properly recorded at the time the commitment is incurred.	✓	Sample testing confirmed that orders for goods and services were raised prior to invoices being received.	-	-
H6.3	VAT is accounted for correctly on payment of invoices.	✓	Sample testing confirmed that VAT was accounted for correctly on invoices.	-	-
H6.4	Invoices are always paid within the time limit specified within the Late Payment of Commercial Debt (1998) Act.	✓	Sample testing confirmed that invoices are paid promptly and within the time limit specified within the Late Payment of Commercial Debt (1998) Act.	-	-
H6.5	Outstanding orders are reviewed and followed up on a regular basis.	✓	Assurance was given that outstanding orders are reviewed and followed up on a regular basis and that there were no issues with these.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H6.6	An up to date authorised signatory list is held by the Creditors section.	✓	An up to date authorised signatory list is held by the Creditors section.	-	-
H6.7	An officer at the Centre has been given designated responsibility for the purchase card.	✓	Two purchase cards are currently in operation at the Centre. One is held by the Admin Assistant and one is held by the Manager. Internal Audit was informed that both are required as the Admin Assistant carries out the majority of the purchases but only works at the store two days per week. The Manager therefore requires a card to make required purchases during periods the Admin Assistant is not present.	-	-
H6.8	The purchase card is held securely at all times, and the card holder ensures usernames and passwords are kept confidential.	✓	Assurance was given that the purchase cards are held securely.	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
H6.9	The purchase card is operated in accordance with the PCNPA's approved purchase card scheme.	✓	Assurance was given that guidelines and instructions on the use of the purchase card had been received. A sample period of purchase card transactions was reviewed and no issues were arising. Sample testing also confirmed that purchase card returns were submitted on a timely basis.	-	-
H6.10	VAT is taken into account and appropriately deducted where relevant.	✓	Sample testing identified no issues with accounting for VAT.	-	-
H6.11	Card supervisors review and authorise all purchase card transactions.	✓	Sample testing confirmed that each month's purchase card transactions are formally signed off (hard copy form) by the supervisor.	-	-

## Newport Information Centre (SECTION I)

**This report may contain personal data as defined by the Data Protection Act 1998, which must be treated as strictly private and confidential.**

### 1.0 Introduction

1.1 An audit review of the Newport Information Centre has been carried out as part of the 2014-15 Internal Audit Plan.

### 2.0 Audit Opinion and Assurance Statement

2.1 **Substantial Assurance**<sup>24</sup> can be given on the adequacy and effectiveness of the arrangements in place for the Newport Information Centre.

2.2 Key areas of weakness and risk, good practice and opportunity for improvement identified during the audit review are summarised below:

- The PCNPA do not currently document Directorate/Service level risk registers or business continuity plans.
- Due to the small number of employees at the Centre, at times there can be a lack of separation of duties in respect of income collection and banking. The need for income to be fully reconciled to the ledger on a regular basis is therefore of increased importance.
- The prices charged for stock have not been reviewed for a number of years and there is no consistent policy on mark ups.
- The identification of VAT on sales via card requires employees to physically go through each receipt at the end of each day/week and identify the VAT element. This process should be reviewed (in conjunction with the stock system provider) to determine if there is a simpler solution with less risk for human error.
- It was pleasing that stock and inventory records were maintained but this control would be further enhanced if periodic checks from expected records to actual items were undertaken on a more frequent basis.
- A small number of anomalies due to human error were identified. It is important that verification checks are undertaken wherever possible.

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<sup>24</sup> A definition of the Assurance Ratings are shown at Appendix A



2.3 A summary of the recommendations for Section I is shown in the table below:

Expected Arrangements (Controls)		Adequate & Effective <sup>25</sup>	Recommendations <sup>26</sup>						
			A1	A2	B1	A3	B2	C1	Other
I1	Risk Management & Business Continuity	✘	0	2	0	0	0	0	0
I2	Procedures	✓	0	0	0	0	0	0	0
I3	Visitor Numbers	✓	0	0	0	0	0	0	0
I4	Budget Monitoring	✓	0	0	1	0	0	0	0
I5	Income	✓	0	0	0	0	0	0	2
I6	Purchases	✓	0	0	0	0	1	0	0
I7	Stock	✓	0	0	0	0	0	0	0
I8	Payroll	✓	0	0	0	0	1	0	0
I9	General Security	✓	0	0	0	0	2	1	1
I10	Petty Cash	✓	0	0	0	0	0	0	0
<b>Total</b>			<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>3</b>


<sup>25</sup> A definition of the Adequate & Effective Ratings are shown at Appendix B

<sup>26</sup> A definition of the Recommendation Gradings are shown at Appendix A

## SECTION I – NEWPORT INFORMATION CENTRE ACTION PLAN

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>I1</b>	<b>Risk Management &amp; Business Continuity</b>				
I1.1	Risk registers/assessments are in place detailing the key risks associated with the Information Centre and the management/mitigation of those risks.		The PCNPA currently have a corporate risk register in place, however Directorate/Service level risk registers are not completed.	Directorate and Service level risk registers should be produced detailing the key risks associated and the management/mitigation of those risks. <b>Grade: A2</b>	Acceptance: <b>Reject</b> Management Response: <b>Disagree in the need to have a centre specific risk register. Risks are identified and managed on a corporate basis</b> Timescale for Action: Responsible Officer:
I1.2	The Information Centre has a business continuity plan(s) in place outlining the actions to be taken following a disruptive event, (e.g. loss of staff, loss of power, loss of building etc) and this is tested on a regular basis.		As with the risk registers, the PCNPA do not currently document business continuity plans at a Directorate/Service level.	Business continuity plans should be documented at a Directorate/Service level outlining the actions to be taken following a disruptive event (e.g. loss of staff, loss of power, loss of building etc) and these should be tested on a regular basis. <b>Grade: A2</b>	Acceptance: <b>Accept</b> Management Response: <b>Business &amp; Performance already developing</b> Timescale for Action: <b>On going</b> Responsible Officer: <b>AH</b>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>12</b>	<b>Procedures</b>				
12.1	Operational procedures for the Information Centre have been documented and are up to date.	✓	Operational procedures for the Newport Information Centre have been documented and are up to date (they are amended as and when changes occur).	-	-
<b>13</b>	<b>Visitor Numbers</b>				
13.1	Visitor numbers at the Information Centre are reviewed on a regular basis.	✓	The Centre has a counter on the entrance which is used to record visitor numbers (the total at the end of the day is halved to give the number of visitors). These are recorded on the daily sheets which are submitted to Finance on a weekly basis. Visitor numbers are also sent to the service manager on a monthly basis. An analysis of visitor numbers since April 2011 was undertaken and as expected showed peaks during the summer months and troughs during the winter months. It also identified that the peak numbers had increased in each of the last few years.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>I4</b>	<b>Budget Monitoring</b>				
I4.1	Budget monitoring is carried out on a regular basis at the Information Centre.		<p>The Castell Henllys &amp; Newport Visitor Centre Manager is the responsible budget holder and completes the budget monitoring form on a monthly basis. However, this does not always include a full reconciliation of income and expenditure to the ledger (Internal Audit was informed that this is completed periodically).</p> <p>With the lack of separation of duties at the Centre, the need for thorough budget monitoring and reconciliation of income and expenditure to the ledger is of increased importance. Internal Audit was informed that there were a few issues with miscoded income during the last financial year.</p>	<p>The monthly budget monitoring undertaken should include a full reconciliation of all income and expenditure to the ledger.</p> <p><b>Grade: B1</b></p>	<p>Acceptance: <b>Reject</b></p> <p>Management Response: <b>Income is monitored and reconciled by centre managers to budget reports with returns forwarded to finance.</b></p> <p>Timescale for Action:</p> <p>Responsible Officer:</p>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>15</b>	<b>Income</b>				
15.1	Prices are formulated in accordance with approved documented procedures.	✓	It was stated by the Finance Manager that the commercial stock group reviews prices annually.	-	-
15.2	X and Z till readings are taken on a daily basis.	✓	Income testing confirmed that Z readings are taken at the end of each day.	-	-
15.3	Daily cashing up sheets are completed with a clear breakdown of income received.	✓	Sample testing confirmed that daily cashing up sheets are completed with a clear breakdown of income received. Figures are then recorded on a weekly sheet which is submitted to Finance. A sample of cash sheets were reconciled to Z readings from the till and no issues were arising. However, testing identified that whilst the till gives a breakdown of total VAT sales and total NON VAT sales and cash/card payments, it does not give a breakdown of the VAT/NON VAT sales for card payments alone.	The process for identifying sales via card which are subject to VAT should be reviewed to identify if the process can be simplified to minimise the risk of human error. This should be discussed with the stock system/till system provider to identify whether they can do anything to assist. <b>Grade: C2</b>	Acceptance: Accept  Management Response: Consideration for replacing the Authority's EPOS systems is ongoing. Timescale for Action:  Responsible Officer:

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
15.3 (cont)			<p>When card payments are received, copy receipts are therefore taken and the employees have to physically go through these at the end of each day/week to calculate the card transactions which include VAT and those that do not. This is open to human error and a small number of minor anomalies were noted during testing.</p> <p>This issue was also identified at Pembrokeshire County Council who contacted the provider of their stock system/till provider who have now amended the till print out to show the breakdown of card payments VAT and NON VAT.</p>		
15.4	All refunds issued are recorded and reconcilable to supporting records.	✓	Internal Audit was informed that refunds were very rare but are recorded on the daily cash sheets if they occur. No testing of this area was therefore undertaken.	-	-









No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
15.5	Dual controls are in place, with a supervising officer checking and countersigning the cashing up sheet once it has been signed by the cashier.	✘	Dual controls are not always in place. On occasions when another staff member is working at the Centre, they will complete the daily sheet and the Newport Centre Assistant should countersign. However, testing identified that this is not always happening. On days where the Newport Centre Assistant is working alone at the Centre, there is no separation of duties (refer to recommendation I4.1).	The daily cashing up sheets should be signed by the officer completing it and by the officer who countersigns it (where this is possible). <b>Grade: C2</b>	Acceptance: Partially accept  Management Response: <b>Staff resources limit the ability to implement, however spot checks are undertaken by Finance department staff</b> Timescale for Action:  Responsible Officer:
15.6	All income is reconciled to the ledger.	✘	As mentioned, income is not always fully reconciled to the ledger (though this is carried out by the Castell Henllys and Newport Visitor Centre Manager on a periodic basis). A sample of income was satisfactorily trailed to the ledger with only one minor issue noted whereby charcoal sales of £15.98 had been coded to the ledger gross without the 5% VAT being accounted for. This appeared to be an exception.	Refer to recommendation I4.1	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
15.7	All income is held securely prior to banking.	✓	Assurance was given that all income is held securely in the safe prior to banking.	-	-
<b>16</b>	<b>Purchases</b>				
16.1	Relevant employees are aware of the procurement arrangements under Financial Regulations.	✓	Assurance was given that both the Castell Henllys & Newport Visitor Centre Manager and the Newport Centre Assistant (who are responsible for purchases) were aware of the PCNPA Financial Standards.	-	-
16.2	All orders for goods and services are properly recorded on the purchasing system at the time the commitment is incurred.	✓	PCNPA do not operate a purchasing system with manual order books still completed. Sample testing identified that orders are not always being recorded at the time the commitment is incurred and receipt of the associated invoice is awaited before completion.	All orders should be raised at the time the commitment is incurred and not on receipt of the associated invoice. <b>Grade: B2</b>	Acceptance: Accept Management Response: This is not normal practice and every effort will be made to avoid a repetitions Timescale for Action: Immediate Responsible Officer: Centre Manager
16.3	VAT is accounted for correctly on payment of invoices.	✓	Sample testing confirmed that VAT was accounted for correctly.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
16.4	Invoices are always paid within the time limit specified within the Late Payment of Commercial Debt (1998) Act.	✓	Sample testing confirmed that invoices were paid promptly and within the time limit specified within the Late Payment of Commercial Debt (1998) Act.	-	-
16.5	Outstanding orders are reviewed and followed up on a regular basis.	✓	Assurance was given that outstanding orders are followed up but there are generally no issues with these.	-	-
16.6	An up to date authorised signatory list is held by the Creditors section.	✓	An up to date authorised signatory list is held by the Finance team.	-	-
16.7	An officer at the Information Centre has been given designated responsibility for the purchase card.	✓	The Castell Henllys & Newport Visitor Centre Manager holds a purchase card but this is mainly for use at Castell Henllys with minimal purchases made in relation to Newport Visitor Centre.	-	-
16.8	The purchase card is held securely at all times, and the card holder ensures usernames and passwords are kept confidential.	✓	Assurance was given that the purchase card is held securely.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
16.9	The Information Centre operates the purchase card in accordance with PCNPA's approved purchase card scheme.	✓	The Castell Henllys & Newport Visitor Centre gave assurance that she had received training/guidance on use of the purchase card. A sample period of purchase card transactions was reviewed and no issues were arising. Sample testing also confirmed that returns are submitted on a timely basis.	-	-
16.10	VAT is taken into account and appropriately deducted where relevant.	✓	Sample testing confirmed that there were no issues with accounting for VAT.	-	-
16.11	Card supervisors review and authorise all purchase card transactions.	✓	Sample testing confirmed that all purchase card transactions were formally authorised by the supervisor (via a hard copy form) when the monthly submissions are passed to Finance.	-	-


No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>17</b>	<b>Stock</b>				
17.1	Satisfactory stock control processes are in place with physical checks undertaken on a regular basis.		Stock in and stock out is recorded on the stock system. An annual stock take is carried out (at the end of each financial year) with actual stock reconciled to expected stock recorded on the stock system. This was considered appropriate for the scale of the operations by the Finance Manager.	-	-
17.2	Stock is held securely with restricted access.		Stock which is not on display in the shop area is held in a locked stock room.	-	-
17.3	Stock sheets are reconciled to the stock sale report produced by the system.		As mentioned, a stock check is only carried out on an annual basis (occasionally another one will be carried out halfway through the year). A sample of stock was trailed from the expected amount recorded on the system to the actual physical stock and only one minor anomaly was noted.	Refer to recommendation 17.1	-
17.4	The stock reconciliation sheet is independently verified.		The annual stock take is completed by two officers. The Finance department also then carry out a spot check to confirm the accuracy of the stock take.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>18</b>	<b>Payroll</b>				
18.1	Timesheets are completed accurately and promptly.		A sample of timesheets was tested and they were generally completed accurately. However, a small number of minor calculation errors were noted. If copies of the physical timesheets completed by employees were submitted to Finance along with the monthly summary then Finance could verify the accuracy of the details submitted.	Verification that the summary of hours worked accurately reflects the actual hours recorded on employee timesheets should be completed. A possible option would be for copies of actual timesheets to be submitted to Finance along with the summary in order for Finance to verify accuracy. <b>Grade: B2</b>	Acceptance: <b>Reject</b> Management Response: <b>The established practice is that the timesheets should be countered signed and checked at each centre. This was established following a previous audit.</b> Timescale for Action: Responsible Officer:
18.2	Timesheets are signed off by the employee and an authorised officer promptly.		Sample testing confirmed that both the employee and the authorising officer are signing the timesheets. One instance of an employee not signing and one instance of the authorising signatory not signing the weekly timesheet were identified but these appeared to be exceptions rather than a regular occurrence (the authorising officer would have signed the submission to payroll).	-	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
18.3	Employees do not work continuously for more than 6 hours without taking an unpaid break (unless there is prior approval).	✓	Sample testing confirmed that employees are taking breaks where they have worked for a period over 6 hours.	-	-
18.4	Employee absence is accurately recorded.	✓	Monthly sickness returns are submitted to Finance but these are generally nil returns as sickness absence is very rare.	-	-
18.5	Holiday request forms are appropriately signed and accounted for.	✓	Manual holiday forms were completed up until recently which were not always fully up to date and authorisation was not always evident. However, going forward all annual leave will be recorded and authorised via the new Pobl y Parc system which should address these issues.	-	-




No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
<b>19</b>	<b>General Security</b>				
19.1	The Information Centre operates an alarm and/or CCTV.	<b>X</b>	The Newport Information Centre does not operate an intruder alarm or CCTV.	A review of the security arrangements at Newport Information Centre should be completed to determine whether any additional security measures (e.g. intruder alarm) are required. <b>Grade: B3</b>	Acceptance: <b>Accept</b> Management Response: <b>The Authority's Building projects officer will review this.</b> Timescale for Action: <b>2015</b> Responsible Officer:
19.2	A CCTV Policy has been documented and relevant signage is displayed at the Information Centre.	<b>N/A</b>	The Centre does not currently operate CCTV.	Refer to recommendation 19.1	-



No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
19.3	CCTV is located throughout the Information Centre and is monitored on a regular basis. Recordings are stored securely and reused or destroyed in accordance with guidelines.	<b>N/A</b>	The Centre does not currently operate CCTV.	Refer to recommendation I9.1	-
19.4	A list of key holders is maintained and all key holders have signed to evidence receipt/return of their keys.		A list of key holders is maintained but employees have not all signed to evidence receipt/return of their keys (some have now left the Authority but the keys have not yet been returned to the Information Centre).	The keys from the employees who have left the Authority should be returned and a signature obtained to evidence this. All future key receipts and returns should then be signed for. The key holder list should be updated to include the signature of each key holder to evidence receipt of their key. <b>Grade: C1</b>	Acceptance: <b>Accept</b> Management Response: All future key receipts and returns should then be signed for  Timescale for Action: <b>Immediate</b> Responsible Officer: <b>Centre Manager</b>

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
19.5	Responsible fire officers have been nominated and fire drills are held on a regular basis.	✓	Assurance was given that Fire Safety training has been received and procedures have been documented. Refresher training is also planned for the next few months.	-	-
19.6	Designated first aiders and first aid equipment is available on site at all times.	✓	Assurance was given that the Newport Centre Assistant has received basic first aid training and is awaiting a place on the 3 day course. First aid equipment and an accident book were available on site.	-	-
19.7	Disabled access facilities are available.	✓	Disabled access is available at the Centre.	-	-
19.8	An inventory of equipment at the Information Centre is in place which includes make, model and serial number.	✓	An electronic inventory of equipment is maintained and is updated as and when necessary. A copy is sent to Finance on an annual basis.	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
19.9	A check of all the items recorded within the inventory is made to the physical items on a regular basis and is signed by the checker and independently verified.		No checks of items recorded on the inventory to the physical item are currently made. This could be done as part of the annual submission to Finance.	A check of all items recorded within the inventory to the physical items should be made on a regular basis. This could be done as part of the annual submission to Finance. <b>Grade: B2</b>	Acceptance: <b>Accept</b> Management Response: A check of all items recorded within the inventory to the physical items will be made on a regular basis Timescale for Action: <b>Immediate</b> Responsible Officer: Centre Manager
19.10	Expensive items and electrical equipment is security marked.		Assurance was given that all IT equipment is security marked. Other items of value (e.g. television) should also be security marked.	All equipment of value should be security marked. A possible option would be the use of an ultraviolet (UV) pen. <b>Grade: B2</b>	Acceptance: <b>Accept</b> Management Response: <b>The Authority Property group will review the practicalities of implementing this across all sites.</b> Timescale for Action: <b>2015</b> Responsible Officer:

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
I9.11	All equipment (e.g. electrical, fire, emergency lighting) is subject to regular maintenance and servicing.		Fire alarms and panic alarms are tested every three months with fire equipment tested annually. These were up to date at the time of the audit. However, it was noted that the electrical PAT testing had not been undertaken since January 2012.	-	-
I9.12	Data is backed up on a regular basis to safeguard against the loss of data.		The ICT Manager gave assurance that data is backed up centrally on a regular basis. Daily backups are taken Tuesday to Friday with a weekly backup every Monday for 3 weeks. On the 4 <sup>th</sup> Monday a monthly backup is taken and every 4 <sup>th</sup> month is archived. Backups are held securely in various locations.	-	-
<b>I10</b>	<b>Petty Cash</b>				
I10.1	The value of the petty cash is sufficient to meet the requirements of the Information Centre.		A petty cash of £70 is held at the Centre and this is reimbursed approximately two/three times per year. Internal Audit was informed that the petty cash was sufficient and was useful for making small purchases (e.g. postage).	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
I10.2	Petty cash is held securely with restricted access.	✓	Assurance was given that the petty cash was held securely in a locked receptacle within the safe with access restricted to the Castell Henllys & Newport Visitor Centre Manager and the Newport Centre Assistant.	-	-
I10.3	Expenditure from the petty cash is supported by receipts.	✓	Assurance was given that all expenditure is supported by receipts (this is recorded on the petty cash record). A petty cash reimbursement claim was trailed to the physical receipts and no issues were arising.	-	-
I10.4	Petty cash reimbursement claims are fully completed and authorised.	✓	Testing confirmed that petty cash reimbursement claims are fully completed and authorised. There were some issues with VAT not being recorded correctly but these had been rectified by Finance.	-	-

**SECTION J – CAREW CASTLE ACTION PLAN**

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
J1	<b>Policies &amp; Procedures</b>				
J1.1	The new centre manager at Carew Castle has been made fully aware of all expected financial controls.	✓	An audit visit was made to Carew Castle on Thursday the 6th of November and each of the expected financial controls (as reviewed this year at Newport Information Centre and previously at other PCNPA centres) was discussed with the new centre manager.  It was good to note that in the vast majority of cases the centre manager was aware of and following the expected practices, and appreciated the need for each of them. There were no issues or concerns raised by the centre manager with existing financial practices, or anything relating to them that she was looking to revise at the current time.  (Continued on next page)	-	-

No.	Expected Arrangements (Controls)	Adequate & Effective	Comments & Consequences	Recommendation	Management Response
J1.1 Cont			There were a small number of expected controls that the manager was not aware of and intended to follow up following the audit visit, these included 'General Security' controls relating to Key Holders / Security Marking / and CCTV policy, along with the more recently established 'Risk Management & Business Continuity Controls'.	-	-
J1.2	That the new centre manager at Carew Castle has been made aware of previous financial control issues at Carew and/or other PCNPA Information Centres.	✓	The new centre manager was provided with a copy of the previous Internal Audit report relating to Carew Castle, along with relevant excerpts from other recent PCNPA Centre reviews.	-	-

## Assurance Ratings

Level of Assurance	Description
<b>Full</b>	There are either no weaknesses or only low impact weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which if addressed would further improve the ability of the systems/services to achieve their objectives. These weaknesses do not affect key elements of the arrangements in place and are unlikely to impair the ability of the systems/services to achieve their objectives. Therefore, we can conclude that the arrangements are adequate and are operating effectively, assisting the systems/services to achieve their objectives.
<b>Substantial</b>	There are some weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could impair the ability of the systems/services to achieve their objectives. However, they would either be unlikely to occur or their impact would be less than high.
<b>Limited</b>	There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which could have a significant impact on the ability of the systems/services to achieve their objectives.
<b>None</b>	There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements which, in aggregate, have a significant impact on the ability of the systems/services to achieve their objectives.

## Recommendation Gradings

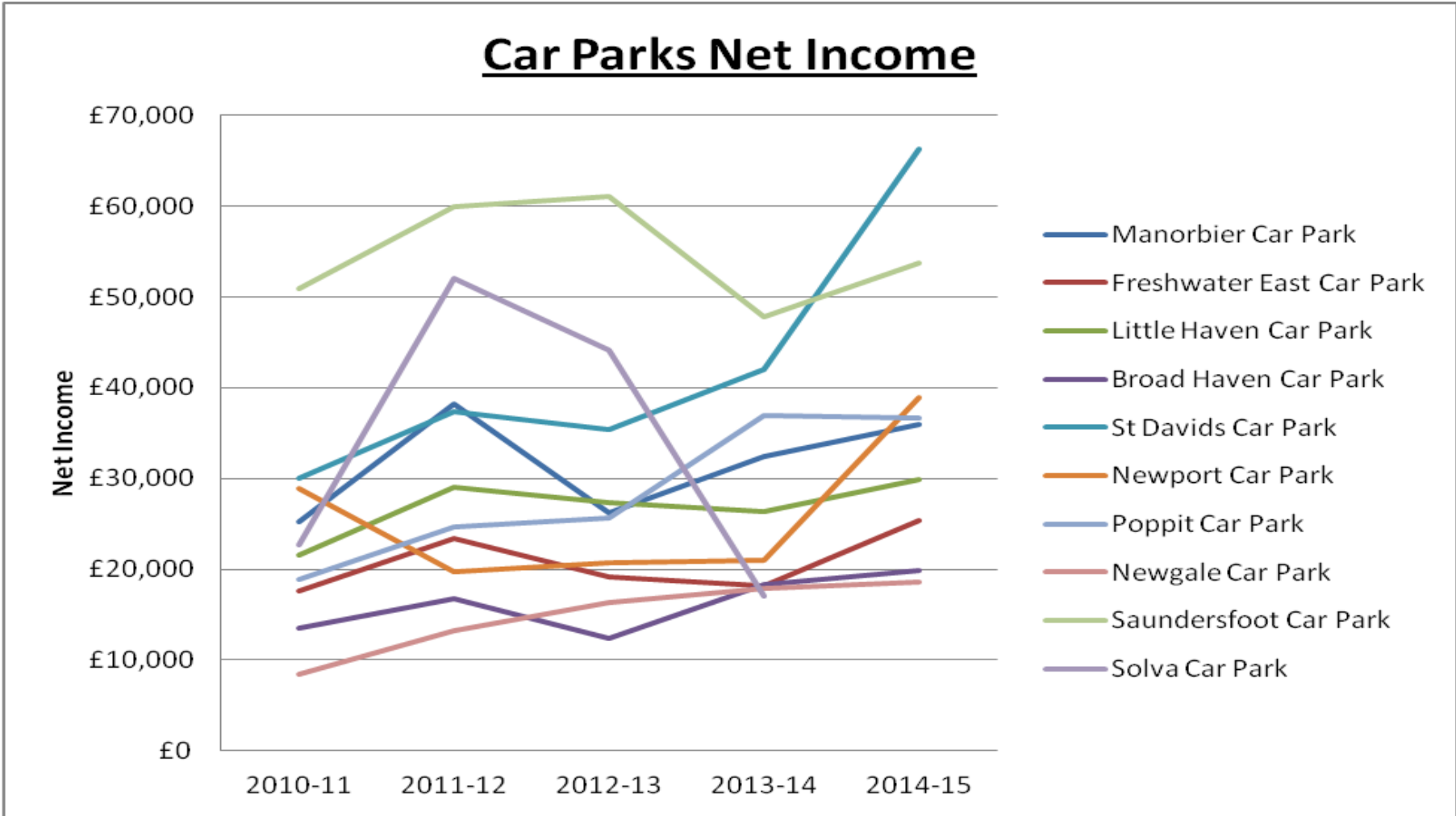
Action	Requires strategic management action or a corporate policy or procedural decision.	A	A1*	A2*	A3
	Requires operational management action or a directorate/service policy or procedural decision.	B	B1*	B2	B3
	Continued compliance with an existing policy or procedure.	C	C1	C2	C3
			1	2	3
			Critical	Important	Desirable
			Seriousness		

\*May be reported to the Audit Committee

## Adequate &amp; Effective Ratings

- ✓ Adequate and effective
- ✓ or ✗ Partially adequate and effective
- ✗ Not adequate and effective





**Appendix C - Recommendations in Progress / Risk Accepted**

No.	Recommendation 2013/14	Status November 2014
D1.2	The ICT User Policy should be updated as soon as possible to ensure it remains current and up to date. Employees should then be required to re-sign up to the policy and should be required to re-sign up on a periodic basis. <b>Grade: A2</b>	ICT user policy being drafted and nearing completion – should be available for consultation by December.
D2.3	The spare ASA should be prepared and tested to provide contingency in the event of the firewall server failing. <b>Grade: B3</b>	Tested spare server, but software problems meant it would not work adequately. <b>(Risk Being Accepted)</b>
D3.2	Where users leave their workstation unattended, it would be good practice to introduce a controlled log off after a specific length of time. <b>Grade: B3</b>	Testing group policy to lock machines automatically after 10 minutes of non use, and if successful this will be introduced across authority.
D12.1	The ICT Disaster Recovery Plan should be reviewed and updated as soon as possible ensuring that procedures for keeping employees informed and the contact details of key employees are included. Senior Managers should be consulted as part of this process and the plan should then be formally approved by Members. <b>Grade: A2</b>	IT recovery plan has been reviewed and is being tested. Authority Business continuity plan being drafted.
D13.3	Refer to recommendation D12.1 (Senior managers were not involved in the development of the ICT Disaster Recovery Plan but will now be consulted when the plan is reviewed and updated).	Team leaders will be consulted when draft plans are completed.
D15.1	Individual disaster recovery and business continuity plans should be established for key functions/systems (e.g. payroll, creditors). <b>Grade: B2</b>	Being developed as part of D12.1 above.
D17.1	Key employees should be reminded of their roles and responsibilities (and provided with guidance) in terms of disaster recovery on a regular basis (i.e. annually or whenever the plan is updated or reviewed). <b>Grade: B2</b>	See D12.1 (IT recovery plan has been reviewed and is being tested. Authority Business continuity plan being drafted).

No.	Recommendation 2013/14	Status November 2014
D17.2	Relevant officer should be provided with a simple instruction sheet (e.g. key details, emergency contacts) which can be kept on their person to prompt them in the event of a disaster. <b>Grade: B3</b>	See D12.1 (IT recovery plan has been reviewed and is being tested. Authority Business continuity plan being drafted).
D18.1	The ICT Disaster Recovery Plan should be tested (full and desk top testing) on a regular basis to review its robustness and identify any potential areas for improvement. <b>Grade: B1</b>	ICT DR plan being tested system by system.