Veritau
Assurance Services for the Public Sector

Budget Management

Peak District National Park Authority

Internal Audit Report 2015/16

Responsible Officer: Director of Corporate Services
Service Manager: Head of Finance
Date Issued: 19th February 2016
Status: Final
Reference: 69125/001

	P1	P2	P3
Actions	**0**	**0**	**0**
Overall Audit Opinion	High Assurance		

PEAK DISTRICT NATIONAL PARK

Summary and Overall Conclusions

Introduction

The Budget Management system is one of the key internal control systems operated by the Authority. Effective budget preparation and monitoring will enable the Authority to be assured the financial position is being robustly and properly managed and is linked to the Authority's objectives. Good budget management also assists in identifying errors or unusual transactions.

Effective budget management is particularly important in light of budgetary pressures in the current financial climate and the Authority's reliance on the Defra grant for funding.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- Budget preparation procedures are in place and working effectively.
- Budget monitoring, review and reporting procedures are in place and working effectively.
- Variances and unusual amount are investigated.

Key Findings

It was found that the Authority's arrangements in relation to budget management are working well. The budget is linked to organisational priorities and expected financial pressures, and a variety of financial information is available to allow for effective monitoring of financial performance and identification of issues.

Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided **High Assurance**.

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.