



Main Accounting

Peak District National Park Authority

Internal Audit Report 2019/20

Business Unit: Finance
Responsible Officer: Chief Finance Officer
Service Manager: Chief Finance Officer
Date Issued: 03 February 2020
Status: Final
Reference: 69125/004

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

Summary and Overall Conclusions

Introduction

The Peak District National Park Authority (PDNPA) use Exchequer as their main accounting system. Exchequer is a record of the general ledger and records all the financial activity of the PDNPA. It is used to prepare the annual accounts and various financial returns required by the Government.

Weekly bank reconciliations, accurate use of journals and appropriate use of suspense accounts are an important part of the financial internal control framework.

Details of fixed assets are maintained and accounted for, in accordance with established accountancy practice guidelines, to arrive at an accurate representation of the year-end position in the Authority's published accounts.

Objectives and Scope of the Audit

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

- Bank reconciliations were performed on a regular basis and authorised appropriately
- Suspense accounts were maintained accurately and cleared on a regular basis
- Journals were accurately recorded and authorised correctly
- Accurate working papers were maintained and reviewed regularly to monitor capital expenditure

Key Findings

Bank reconciliations are carried out weekly by the Finance Assistant and signed off by the Senior Finance Officer. These appeared to be up to date, although the signature on the weekly reconciliations was not dated. It was agreed that a date will be added to signatures in the future. Monthly reconciliations are performed by the Authority as a secondary control to the weekly reconciliations. Monthly reconciliations from April to July 2019 had been authorised by the Head of Finance. August and September's reconciliations were awaiting authorisation by the Head of Finance at the time of our visit. It was explained that they were behind their target of authorising the monthly reconciliations for the month previous due to other work pressures, although this is not a major concern if weekly reconciliations are carried out promptly.

Suspense accounts are monitored by the Finance Officer. We saw Payroll and VAT accounts are reviewed and cleared on a monthly basis. The Finance Officer clears the BACS income, Credit Card Corporate, Creditors, Provision for Uncleared Cheques, and Creditors reissue accounts on an ad hoc basis when a payment is received. We saw evidence that the suspense accounts had been cleared as part of the year end closedown for 2018-19.

The journals reviewed as part of our sample for testing had been appropriately authorised. The Senior Finance Officer authorises journals entries input by the Finance Assistants. The Head of Finance, Senior Finance Officer and Finance Officer input and authorise their own journal entries onto Exchequer. 11 of the 20 journal entries sampled contained figures that had been authorised by the relevant department where the figures originated. In these instances, additional authorisation in Finance was not required.

A Capital Accounts Summary is prepared at year end as part of the preparation of the Authority's annual Statement of Accounts. Appropriate working papers were located for each of the items examined on the Capital Accounts Summary for 2018-19. There was an administrative error for the Woodland Sales entries where the working paper reference listed on the Capital Accounts Summary was different to the actual working paper reference. However, because of the relatively small number of working papers associated with the Capital Accounts Summary 2018-19, the correct working papers were identified and checked with a minor delay. Errors such as this may become an issue if the associated capital working papers increased in volume.

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.

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