



Peak District National Park Authority

Internal Audit Annual Report

2020-21

Assistant Director –

Audit Assurance:

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Head of Internal Audit:

Max Thomas

Circulation List:

Members of the National Park Authority

Head of Finance

Head of Law

Date:

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Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the Chief Audit Executive (Head of Internal Audit) must provide an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 2 During the year to 31 March 2021 the Authority's working practices have changed significantly as a result of the Covid pandemic. In addition to remote working staff in income generating areas have been furloughed. It has been necessary to revise the budget as result of changing budget assumptions following the closure and re-opening of activities within the park. This has impacted upon the risks faced by the authority, and audit work for the year reflects the impact of these changes.
- 3 The internal audit service was provided by Veritau Limited and for 2020/21 has been carried out remotely

Internal Audit Work Carried Out 2020/21

- 4 Internal audit work carried out during the year is detailed in Appendix A. During the year audit work has concentrated on areas where the pandemic has had a major impact particularly financial systems where controls have changed due to homeworking. Information systems have also been reviewed to ensure information is held securely when staff access information from home, and that suitable controls are in place to safeguard systems with increased remote access.
- 5 No special investigations were carried out during the year.
- 6 Appendix A summarises the internal audit work carried out during the year and the opinion given for each report. Appendix B provides details of the key findings arising from our internal audit work that was presented to the Authority in March 2021 with the remaining reports presented to this committee in full. Appendix C provides an explanation of our assurance levels and priorities for management action.

Professional Standards

- 6 In order to comply with Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to the required professional standards. The results of the QAIP should be reported to senior management and the Audit and Review Committee along with any areas of non-conformance with the standards. The QAIP consists of various elements, including:
 - (a) maintenance of a detailed audit procedures manual and standard operating practices;
 - (b) ongoing performance monitoring of internal audit activity;

- (c) regular customer feedback;
 - (d) training plans and associated training and development activities;
 - (e) periodic self-assessments of internal audit working practices (to evaluate conformance to the Standards).
- 7 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. An external assessment was last carried out in November 2018.
- 8 The outcome of the previous QAIP demonstrated that the service conformed to the Public Sector Internal Audit Standards. The QAIP for 2021 is yet to be completed, but further details of the 2021 Quality Assurance and Improvement Action Plan will be provide to this committee when available.

Audit Opinion and Assurance Statement

- 9 In connection with reporting, the relevant professional standard (2450) states that the Chief Audit Executive (CAE)¹ should provide an annual report to the board². The report should include:
- (a) details of the scope of the work undertaken and the time period to which the opinion refers (together with disclosure of any restrictions in the scope of that work)
 - (b) a summary of the audit work from which the opinion is derived (including details of the reliance placed on the work of other assurance bodies)
 - (c) an opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment)
 - (d) disclosure of any qualifications to that opinion, together with the reasons for that qualification
 - (e) details of any issues which the CAE judges are of particular relevance to the preparation of the Annual Governance Statement
 - (f) details of any issues which the Head of Internal Audit judges to be of particular relevance to the preparation of the Annual Governance Statement.
- 10 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Authority is that it provides **Substantial Assurance**. No reliance was placed on the work of other assurance providers in reaching this, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.
- 11 The opinion given is based on work that has been undertaken directly by internal audit, and on cumulative knowledge gained through our ongoing liaison and planning with officers. However, in giving the opinion, we would note that Covid-19 has significantly affected the authority over the last year, with a wide ranging impact on business operations and controls. While the

¹ The PSIAS refers to the Chief Audit Executive. This is taken to be the Head of Internal Audit.

² The PSIAS refers to the board. This is taken to be the National Park Authority.

work of internal audit is directed to the areas that are most at risk, or provide most value for the authority it is not possible to conclude on the full extent of the impact of Covid-19 on the operations of the authority.

Appendix A**Table of 2020/21 completed audit assignments**

Audit	Status	Assurance Level
Creditors	Completed	Substantial Assurance
Information Governance	Completed	Substantial Assurance
Payroll	Completed	Substantial Assurance
Budget Management	Completed	Substantial Assurance
Cyber Security	Completed	Substantial Assurance
Vehicles	Completed	Reasonable Assurance

Appendix B

Summary of Key Issues from completed audits not reported elsewhere on this agenda

System/Area	Opinion	Area Reviewed	Reported to Authority	Comments	Management Actions Agreed & Follow-Up
Creditors	Substantial Assurance	The audit reviewed the processes in place to control creditor payments and how this may have been impacted upon due to remote working.	March 2021	<p>Strengths</p> <p>Email trails confirming and authorising payments have been retained and held on file for each purchase order. Clear records are retained of goods being received and subsequent authorisation for payments being completed by the budget managers.</p> <p>When there is a request to change supplier details suppliers are contacted directly using current contact numbers held on file to confirm that the request was made by the supplier.</p> <p>Weaknesses</p> <p>No areas for improvement were identified.</p>	N/A

System/Area	Opinion	Area Reviewed	Reported to Authority	Comments	Management Actions Agreed & Follow-Up
Information Governance	Substantial Assurance	The audit reviewed the processes in place to ensure compliance with GDPR requirements and that these remained appropriate during home working.	March 2021	<p>Strengths</p> <p>The Data Protection Policy was recently reviewed in September 2020. Guidance provided is comprehensive and additional guidance has been provided to staff since the beginning of the Covid-19 pandemic covering homeworking issues. All staff are required to complete a data protection training module via the ELMS e-learning system.</p> <p>Guidance documents are available for staff dealing with SAR's and FOI requests. A FOI and SAR Disclosure Report is created and published on the Authority's website quarterly.</p> <p>Weaknesses</p> <p>No areas for improvement were identified.</p>	N/A

System/Area	Opinion	Area Reviewed	Reported to Authority	Comments	Management Actions Agreed & Follow-Up
Payroll	Substantial Assurance	The audit reviewed the processes in place for making changes to the payroll and how these processes have been applied during homeworking. The audit also reviewed the management of the furlough scheme.	March 2021	<p>Strengths</p> <p>New starters, leavers and payroll adjustments are authorised electronically via email and relevant documents are saved to the employees file. In all cases reviewed, changes were authorised by the relevant Service Manager and the Head of HR. Checklists are in place for use by HR staff to ensure all required steps are taken when processing changes.</p> <p>Effective processes for calculating pay for furloughed staff were found to be in place for both contracted and casual staff. Advice was sought from HMRC and Tax specialists to confirm accuracy of these calculations.</p> <p>Appropriate processes relating to ending furlough were also found</p>	N/A

System/Area	Opinion	Area Reviewed	Reported to Authority	Comments	Management Actions Agreed & Follow-Up
				<p>to be in place. A decision tree outlining the approach to returning to the workplace and template for informing employees of this return was reviewed and approved by the Senior Leadership Team.</p> <p>Weaknesses</p> <p>No areas for improvement were identified.</p>	

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit</p> <p>Our overall audit opinion is based on 4 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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.