

ANNUAL HEAD OF INTERNAL REPORT

19 May 2023



**PEAK
DISTRICT
NATIONAL
PARK**



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BACKGROUND

- 1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the Authority's audit charter. These require the Head of Internal Audit to bring an annual report to the National Park Authority. The report must include an opinion on the adequacy and effectiveness of the Authority's framework of governance, risk management and control. The report should also include:
 - (a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
 - (b) any particular control weakness judged to be relevant to the preparation of the annual governance statement
 - (c) a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
 - (d) an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme, including a statement on conformance with the PSIAS.



INTERNAL AUDIT WORK CARRIED OUT IN 2022/23

- 2 Internal audit work carried out during the year, and the opinion given for each audit, is detailed in appendix A. All work for the year has been completed.
- 3 No special investigations were carried out during the year.
- 4 Appendix B summarises the key findings from internal audit reports that were presented to the Authority in February 2023 (the remaining reports are being presented to the current meeting in full). Appendix C provides an explanation of our assurance levels and priorities for management action.



PROFESSIONAL STANDARDS

- 5 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 professional standards. The results of the QAIP are reported to the Audit Committee each year as part of the annual report. The QAIP consists of various elements, including:
 - maintenance of a detailed audit procedures manual and standard operating practices
 - ongoing performance monitoring of internal audit activity
 - regular customer feedback
 - training plans and associated training and development activities

- periodic self-assessments of internal audit working practices (to evaluate conformance to the standards).
- 6 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The most recent external assessment of Veritau internal audit working practices was undertaken in November 2018. This concluded that Veritau internal audit activity generally conforms to the PSIAS¹. A new external assessment is scheduled for Summer 2023 and the results will be reported to this committee when available.
 - 7 The outcome of the previous QAIP demonstrated that the service conformed to the Public Sector Internal Audit Standards. The QAIP for 2023 is yet to be completed, but further details of the 2023 Quality Assurance and Improvement Action Plan will be provided to this committee when prepared.



OPINION OF THE HEAD OF INTERNAL AUDIT

- 8 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 opinion, 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.
- 9 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.

¹ PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

APPENDIX A: 2022/23 INTERNAL AUDIT WORK

Audit	Status	Assurance Level
Complaints	Completed	Substantial Assurance
Creditors and Procurement	Completed	Substantial Assurance
Health And Safety	Completed	Reasonable Assurance
Payroll	Completed	Substantial Assurance
HR	Completed	Substantial Assurance
Contract Management	Completed	Substantial Assurance
Planning	Completed	Substantial Assurance

APPENDIX B: SUMMARY OF KEY ISSUES FROM AUDITS REPORTED TO THE AUTHORITY IN FEBRUARY 2023

System/area	Opinion	Area reviewed	Reported to Authority	Comments	Management actions agreed
Complaints	Substantial Assurance	The audit reviewed the complaints procedure to ensure complaints are dealt with promptly and effectively in line with policy.	February 2023	<p>Strengths</p> <p>The Authority has a complaints procedure on its website which is updated regularly. Written guidance is easily available to officers.</p> <p>Details of complaints are recorded appropriately and are allocated to a named individual. All complaints reviewed were dealt within the required timescales (with one exception where the complainant was informed, in accordance with the policy). Details of complaints are reported to members.</p> <p>All escalation of complaints took place at appropriate times and were dealt with by a different person on escalation. Only 2 complaints over the period could not be resolved internally via the process and were escalated to the ombudsman. No further action was required by the ombudsman.</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
Creditors and Procurement	Substantial Assurance	The audit reviewed the processes in place for making payments to creditors including the process for making changes to bank creditor bank account details. The audit also reviewed compliance with procurement rules as set out in the Standing Orders.	February 2023	<p>Strengths</p> <p>Invoices were approved for payment in line with delegated authority. Payments were made following confirmation that goods had been received and authorisation had been given.</p> <p>For the most part, quotations and tenders are being sought in accordance with the Standing Orders. There was some evidence that best value exercises are carried out for lower value orders. Consistent with best practice, contracts were not simply awarded for lowest price, and evaluation criteria were established for each contract to identify best value that factored in price and quality.</p> <p>The authority currently has a sound process in place to manage the risks of fraud and was able to evidence that appropriate checks were made before bank account details were changed.</p> <p>Weaknesses</p> <p>Wording within the Standing Orders does not accurately reflect the requirements and practices of the Authority relating to the Contract Register.</p>	The Standing Orders will be amended at the next opportunity to reflect the Transparency Code by saying the information will be "published".
Health and	Reasonable	The audit reviewed health and safety training and the	February	<p>Strengths</p>	Continue review and update of ELMS courses

System/area	Opinion	Area reviewed	Reported to Authority	Comments	Management actions agreed
Safety	Assurance	processes in place for identifying and managing health and safety risks including those relating to hybrid working.	2022	<p>Health & safety risks are managed via a suite of generic risk assessments completed on an annual basis by the Safety Officer. All generic risk assessments have been completed for 2022.</p> <p>Premises visits are also carried out annually by the Safety Officer which include occupational health & safety and fire risk assessments which involves a review of fire safety checks, signage, and tests. There is evidence that all issues identified were followed up and resolved.</p> <p>Health & safety risks are identified and managed through the Authority's risk management processes. The corporate risk register is updated quarterly and currently includes a health & safety risk related to the health & wellbeing of staff.</p> <p>Weaknesses</p> <p>There are insufficient processes in place to monitor completion of health & safety training. Some staff training was found to be outstanding for a considerable period at the time of the audit.</p> <p>There is an inconsistent approach to identifying, assessing, and mitigating health & safety risks within service level risk registers. There is a lack of clarity</p>	<p>to include the system of ensuring timely completion and recording of compulsory courses (including for refresher intervals). Complete the centralisation of all training records to ensure suitable corporate oversight and the production of timely reports.</p> <p>Further guidance will be issued to services on what to include in service risk-registers and how to reference corporate risks.</p>

System/area	Opinion	Area reviewed	Reported to Authority	Comments	Management actions agreed
				around roles and responsibilities for health & safety risks.	
Payroll	Substantial Assurance	The audit reviewed the processes in place to ensure information is provided to the payroll provider accurately and promptly and that output from the provider is monitored and reviewed.	February 2022	<p>Strengths</p> <p>Appropriate forms are in place to manage starters and leavers. All forms were correctly authorised.</p> <p>Ad hoc changes to pay were correctly recorded and authorised.</p> <p>Payroll information is transferred to and from payroll provider securely using SharePoint. Variances are reviewed. The Finance Officer will then check and authorise the BACS amount each month by carrying out a payroll control account reconciliation.</p> <p>Weaknesses</p> <p>At the time of the audit, the 2021/22 Financial Verification Report had not been completed.</p>	The Payroll Verification reports will be issued as soon as practicable. The exercise will be included as part of the Year End closedown timetable so that it is not delayed in future.

APPENDIX C: 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 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
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.