

**REPORT OF INTERNAL AUDITOR**

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**SUBJECT:**  
**AUDIT STRATEGY AND ANNUAL INTERNAL AUDIT PLAN & SUMMARY**  
**INTERNAL CONTROLS ASSURANCE (SICA) REPORT**

Background:

To receive the Audit Strategy and Annual Internal Audit Plan & Summary Internal Controls Assurance (SICA) Report from the Authority's Internal Auditors TIAA.

**RECOMMENDATION:** To note the Audit Strategy and Annual Internal Audit Plan & Summary Internal Controls Assurance (SICA) Report

Background documents

*(For further information, please contact Richard Griffiths, extension 4815 or at [Richardg@pembrokeshirecoast.org.uk](mailto:Richardg@pembrokeshirecoast.org.uk))*



## Pembrokeshire Coast National Park Authority

Audit Strategy and Annual Internal Audit Plan

2021/22

January 2021

## Overview

### Introduction

The Audit Plan for 2021/22 has been informed by a risk assessment carried out across our local government clients and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks, and that the coverage will enable a summary annual Head of Internal Audit Opinion to be provided.

### Key Emerging Themes

This year will continue to be another challenging year for National Parks in terms of funding, balancing budgets, service delivery and dealing with the ongoing impact of the COVID-19 pandemic. We have identified a number of key areas which require consideration when planning internal audit coverage.

**Funding:** Pressures on funding are likely in the wake of Covid-19. Welsh Government has indicated that the National Parks' Grant funding will remain unchanged in 2021/22 but budget management will remain a priority while delivering the expectations set out in the annual Remit Letter.

**Commercial income:** Uncertainty over lockdown restrictions and the ability for the Authority to generate its own income.

**Cyber Security:** As more services move on-line, risks and vulnerabilities are likely to increase. Cyber security is as much about awareness and behaviours as it is about network security. Resilience needs to be regularly and stringently stress tested across the organisation to ensure it is operating effectively.

**Project Management and Delivery:** The impact of Covid 19 on the timeliness and cost of delivery of critical projects.

Further analysis of the risks facing the sector can be found at Appendix A.

### Providing Assurance during the COVID-19 pandemic

We have successfully transitioned to new and remote ways of working without any diminution of the service and we recognise that many if not all of our clients have had to implement changes in the way that they work. This may have resulted in gaps in control or exposures that previously didn't exist.

We have carried out extensive research to establish the Root Cause Indicators (RCI) which underpin the reasons for any weaknesses identified by our Internal Audit work in an organisation's governance, risk and control framework.

The RCIs include identifying the extent to which COVID-related factors are the cause of the identified exposure.

Further details in relation to RCIs can be found at Appendix B.

### Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2021/22 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

# Internal Audit Plan

## Audit Strategy Methodology

We adopt a proprietary risk-based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, the regulatory framework, external audit recommendations and previous internal audit work for the organisation, together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. For 2021/22, we have conducted an analysis of the key risks facing the sector and client base more broadly to inform our annual planning. The Audit Strategy is based predominantly on our understanding of the inherent risks facing Pembrokeshire Coast National Park Authority and those within the sector and has been developed with senior management and Committee. Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS).

## Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks facing Pembrokeshire Coast National Park Authority. Appendix A contains the GUARD assessment of key risks in the sector and which has been used to identify those that are most relevant to the organisation and where internal audit assurance would be best focussed. Links to specific strategic risks are also contained in the Internal Audit Strategy.

## Internal Audit Strategy and Plan

Following the risk prioritisation review, the Audit Strategy has been produced (Appendix C) and the Annual Plan (Appendix D) sets out the reviews that will be carried out, the planned times and the high-level scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Audit and Corporate Services Review Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of the Annual Plan includes: research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

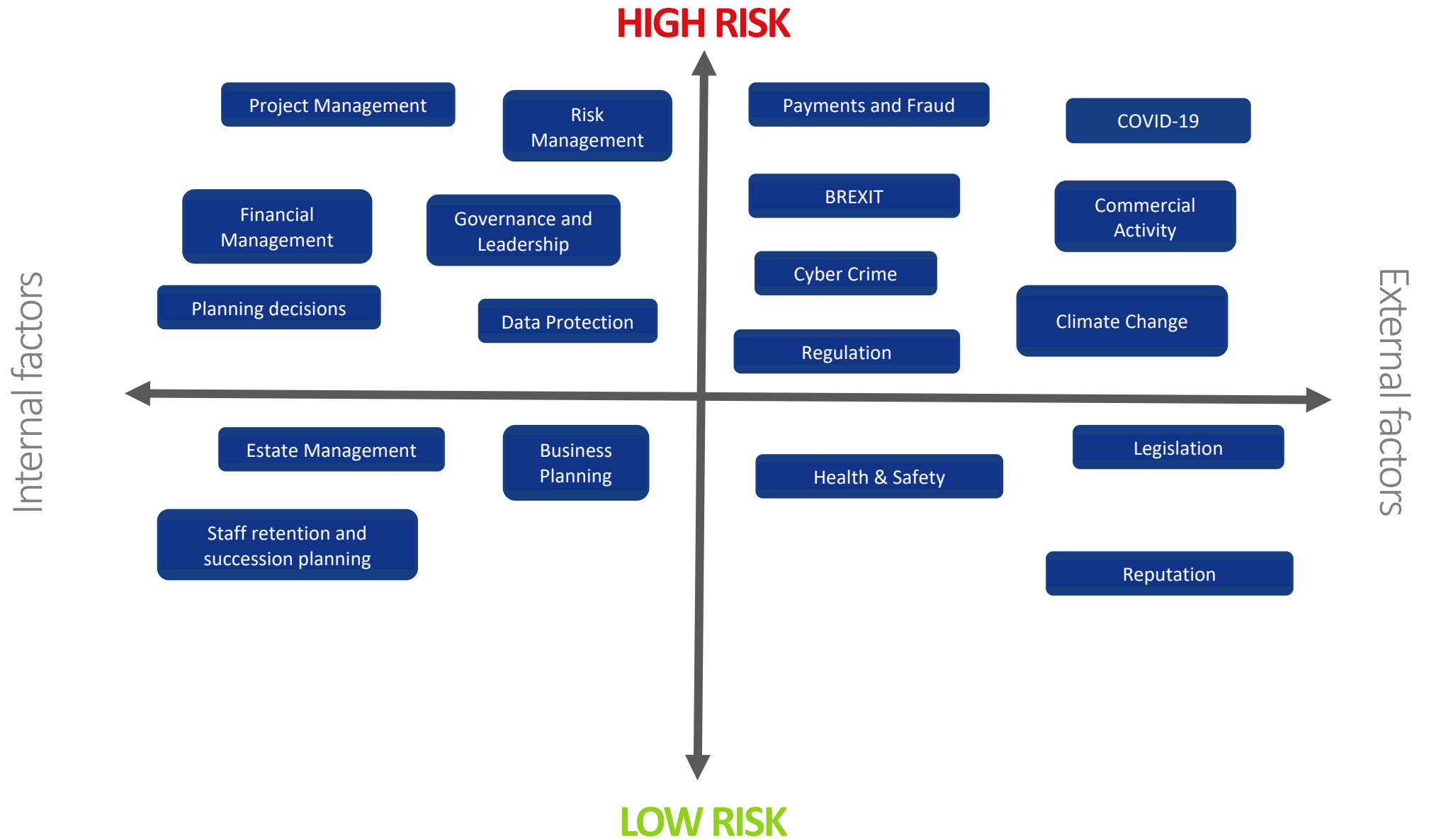
The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and Pembrokeshire Coast National Park Authority. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where Pembrokeshire Coast National Park Authority agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the responsible accounting officer (being the post charged with financial responsibility) and will be clearly set out in the terms of reference for the additional review(s).

## Release of Report

The table below sets out the history of this plan.

<b>Date plan issued:</b>	26 <sup>th</sup> January 2021
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Appendix A: GUARD Risk Analysis



## Appendix B: Providing Assurance

### Corporate Assurance Risks

We consider two corporate assurance risks – Directed and Delivery. Underneath these corporate risks sit six Root Cause Indicators (RCI). We have carried out extensive research to establish the RCI which underpin the reasons for any weaknesses identified by our Internal Audit work in an organisation’s governance, risk and control framework. The benefits of adopting this new approach is that it enables management and Audit Committees to clearly understand and focus on the significant issues arising from our work. For each audit assignment, we will provide a RCI for each of our findings in that area.



**Directed Risk: Failure to properly direct the service to ensure compliance with the requirements of the organisation.**

Root Cause Indicator

<b>Governance Framework</b>	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.
<b>Risk Mitigation</b>	The documented process aligns with the mitigating arrangements set out in the corporate risk register.
<b>Compliance</b>	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.



**Delivery Risk: Failure to deliver the service in an effective manner which meets the requirements of the organisation.**

Root Cause Indicator

<b>Performance Monitoring</b>	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.
<b>Financial Constraint</b>	The process operates within the agreed financial budget for the year.
<b>Resilience</b>	Good practice to respond to business interruption events and to enhance economic, effective and efficient delivery is adopted.

## Appendix C: Rolling Strategic Plan

Review Area	BAF/Risk Ref	Type	2021/22	2022/23	2023/24
<b>Governance and Risk Management</b>					
Risk Management – Mitigating Controls	Selective	Assurance	✓		✓
Performance Management	4, 6, 25	Assurance		✓	
Strategic Control	8	Assurance			✓
<b>ICT</b>					
ICT Strategy	20	Assurance	✓		
ICT Disaster Recovery	20	Assurance		✓	
Cyber Security	20	Assurance			✓
<b>Finance</b>					
Procurement and Creditor Payments	45 and 46	Assurance	✓		
Payroll and Expenses	45 and 46	Assurance		✓	
Key Financial Controls	45 and 46	Compliance			✓
<b>Operational</b>					
Equality and Diversity	4 and 7	Assurance	✓		
Resilient and Sustainable Services	6	Compliance	✓		
Safeguarding	17 and 35	Assurance		✓	
Enforcement	4	Assurance		✓	
Health and Safety	17, 19, 33, 34, 45 and 47	Compliance			✓
<b>Departmental</b>					
Estates	18 and 45	Assurance	✓		

Review Area	BAF/Risk Ref	Type	2021/22	2022/23	2023/24
Visitor Centres & Cafes	17,18,19, 36, 45	Compliance		✓	
Fleet Management	33	Assurance			✓
<b>Management and Planning</b>					
Follow Up		Follow Up	✓	✓	✓
Annual Planning		-	✓	✓	✓
Annual Report		-	✓	✓	✓
Audit Management		-	✓	✓	✓



## Appendix D: Annual Plan – 2021/22

Quarter	Review	Type	Days	Risk, Rationale and Scope
Block 1 (Qtr 2)	Risk Management – Mitigating Controls	Assurance	3	<p><u>Risk</u></p> <p>Selective</p> <p><u>Rationale</u></p> <p>Focus on key strategic risks.</p> <p><u>Scope</u></p> <p>The review considers the organisation’s arrangements for identifying and monitoring the mitigating controls with regards to the organisation’s business significant risk map. Three risks currently included in the organisation’s business significant risk map will be selected and the effectiveness of the identified controls will be reviewed. The scope of the review does not include consideration of all potential mitigating arrangements or their effectiveness in minimising the opportunities for the identified risks to occur.</p>
Block 1 (Qtr 2)	ICT Strategy	Assurance	3	<p><u>Risk</u></p> <p>20</p> <p><u>Rationale</u></p> <p>Identified by management as a risk area as part of the three year strategic plan.</p> <p><u>Scope</u></p> <p>The review will consider how the ICT strategy supports the achievement of the Authority’s strategic plan including asset management and replacement strategy, IT capital budget, financial projections, horizon scanning and supports operational delivery.</p>

Quarter	Review	Type	Days	Risk, Rationale and Scope
Block 1 (Qtr 2)	Estates Delivery	Assurance	3	<p><u>Risk</u> 18 and 45</p> <p><u>Rationale</u> Key area of risk and legislative requirements.</p> <p><u>Scope</u> The review will consider the effectiveness of the Estates Management arrangements in place and in particular contracts that have not been fulfilled and the reimbursement due to the Covid-19 pandemic. The review will test compliance with a sample of legislative requirements. The maintenance plans for the organisation will be reviewed along with reporting requirements.</p>
Block 2 (Qtr 4)	Procurement and Creditor Payments	Assurance	3	<p><u>Risk</u> 45 and 46</p> <p><u>Rationale</u> Key risk and a high spend area. <u>Cyclical coverage of financial systems.</u></p> <p><u>Scope</u> The review considers the arrangements for the identification of need, sourcing, approving and receipt of goods and services, including tendering arrangements and how value for money is considered in the overall procurement arrangements. The review will also consider the arrangements for authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques (if any) and automated payments. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.</p>

Quarter	Review	Type	Days	Risk, Rationale and Scope
Block 2 (Qtr 4)	Equality and Diversity	Assurance	3	<p><u>Risk</u> 4 and 7</p> <p><u>Rationale</u> Key risk. Key focus areas by Welsh Government.</p> <p><u>Scope</u> The review considers the arrangements which the organisation has put into which demonstrate that the organisation operates fairly and equally in its operations. The scope of the review does not include providing assurance that the equal opportunities covers all the activities of the organisation or that the arrangements identified by the organisation are operating continuously and effectively.</p>
Block 2 (Qtr 4)	Resilient and Sustainable Services	Assurance	3	<p><u>Risk</u> 6</p> <p><u>Rationale</u> Key focus area by Audit Wales.</p> <p><u>Scope</u> The review will review the outcomes of the Audit Wales report on resilient and sustainable services at the organisation and will review the progress of the action plan developed to address any issues.</p>
4	Follow-up	Follow up	1	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the organisation is implementing recommendations, and providing reports to the Audit and Corporate Services Review Committee.
1	Annual Planning	Management	1	Assessing the organisation's annual audit needs.
4	Annual Report	Planning/Reporting	1	Reporting on the overall conclusions and summary opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1-4	Audit Management	Planning/Reporting	3	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Audit and Corporate Services Review Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
<b>Total days</b>			<b>24</b>	

## Appendix E: Internal Audit Charter

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### The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Pembrokeshire Coast National Park Authority and defines the scope of internal audit activities. The establishment of the Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit and Corporate Services Review Committee.

### The Role of Internal Audit

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and summary opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to Pembrokeshire Coast National Park Authority's governing body (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of the risk management, control and governance processes.

### Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS and the IIA standards which are articulated in the International Professional Practices Framework (IPPF).

### Scope

All Pembrokeshire Coast National Park Authority activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that Pembrokeshire Coast National Park Authority management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions; however, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Audit and Corporate Services Review Committee or the nominated officer (being the post responsible for the day-to-day liaison with TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

### Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises Pembrokeshire Coast National Park Authority and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

### Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems; however, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day-to-day administrative purposes only, TIAA reports to a nominated officer within Pembrokeshire Coast National Park Authority and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Audit and Corporate Services Review Committee and the responsible accounting officer (being the post charged with financial responsibility). To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with Pembrokeshire Coast National Park Authority management.

## Conflict of Interest

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and internal policies, the PSIAS and the IIA standards and Pembrokeshire Coast National Park Authority's requirements.

## Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

## Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of Pembrokeshire Coast National Park Authority and additional time will be required to carry out such testing. Pembrokeshire Coast National Park Authority is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

## Liaison with the External Auditor

We will liaise with Pembrokeshire Coast National Park Authority's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

## Reporting

**Assignment Reports:** A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA’s audit charter and PSIAS/IIA standards.

**Progress Reports:** Progress reports will be prepared for each Audit and Corporate Services Review Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

**Follow Up Reports:** We will provide an independent assessment as to the extent that priority 1 and 2 recommendations have been implemented. Priority 3 recommendations are low-level/housekeeping in nature and it is expected that management will monitor and report on implementation as considered appropriate.

**Annual Report:** An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA’s audit charter and the Global IIA standards. The Annual Report will include a summary opinion of the effectiveness of Pembrokeshire Coast National Park Authority’s governance, risk management and operational control processes based on the work completed during the year.

**Other Briefings:** During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

## Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

## Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Area	Performance Measure	Target
Achievement of the plan	Completion of planned audits.	100%
	Audits completed in time allocation.	100%
Reports Issued	Draft report issued within 10 working days of exit meeting.	100%
	Final report issued within 10 working days of receipt of responses.	100%
Professional Standards	Compliance with TIAA’s audit charter and PSIAS/IIA Standards.	100%

## Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory annual awareness training for all staff. To carry out our role effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2013.

## Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to ensure that all Internal Audit work is carried out in accordance with these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

## Audit and Corporate Services Review Committee Responsibility

It is the responsibility of the Pembrokeshire Coast National Park Authority to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

By approving this document, the Audit and Corporate Services Review Committee is also approving the Internal Audit Charter.

## Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

# Pembrokeshire Coast National Park Authority

## Summary Internal Controls Assurance (SICA) Report

2020/21

January 2021



# Summary Internal Controls Assurance

## Introduction

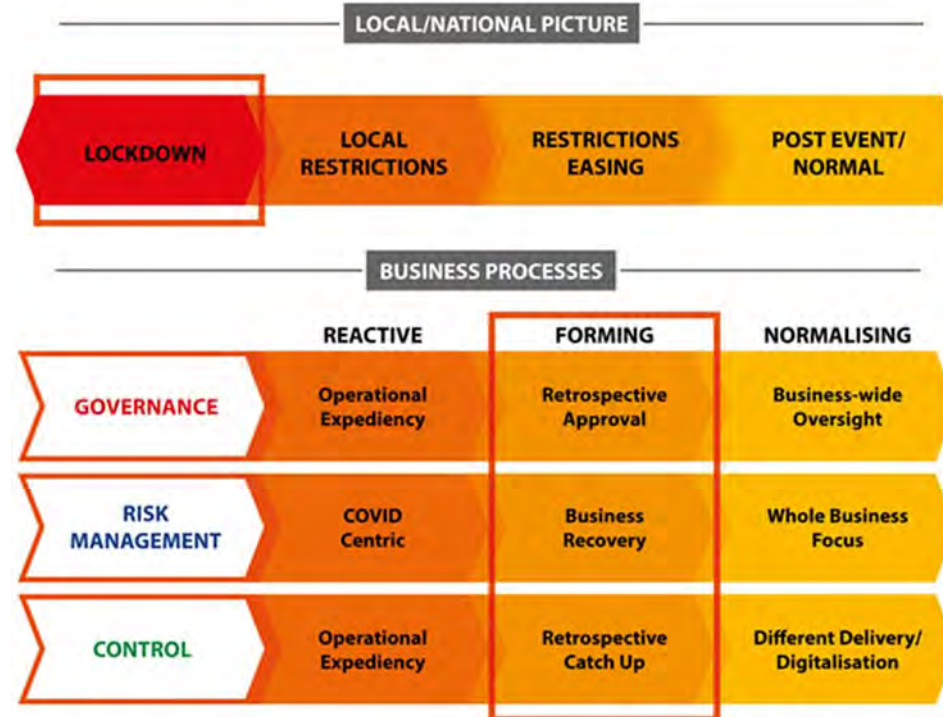
1. This summary controls assurance report provides the Audit and Corporate Services Review Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Pembrokeshire Coast National Park Authority as at 25<sup>th</sup> January 2021. The period covered by this summary controls assurance report was significantly impacted by the COVID 19 pandemic.

## Emerging Governance, Risk and Internal Control Related Issues

2. COVID 19 is the most significant recent event to impact both strategically and operationally upon modern day Governance, Risk and Internal Control arrangements. It is clear that there has been and will continue to be a number of phases in relation to the move through the pandemic, and that the local and national picture can worsen as well as improve. Each phase has different implications for Governance, Risk and Internal Control arrangements, however, the way in which organisations have transitioned to revised ways of working is not necessarily directly linked to the local or national picture.

The diagrams in the table below signify the assessment of the current local and/or national picture, but also assesses how the organisation has adapted to new ways of working (the 'new normal') at least for the foreseeable future.

*Impact on COVID 19 on strategic focus during business interruption*



- There are a range of operational matters arising from the COVID 19 pandemic which impact upon the governance, risk and internal control arrangements and examples of such have been summarised in Appendix A. During the COVID 19 period it would be prudent for Pembrokeshire Coast National Park Authority to compare the policies, procedures and internal control processes in effect during the pandemic against the policies, procedures and internal control processes in effect prior to the onset of the pandemic. The matters identified should be risk assessed so as to gain awareness about where the undetected vulnerabilities that may exist so that an informed decision can be made around acceptance of such risks.

**Internal Control Framework**

**Audits completed since the last SICA report to the Audit and Corporate Services Review Committee**

- There have been no audits finalised since the previous meeting of the Audit and Corporate Services Review Committee.

*Audits completed since previous SICA report*

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
N/A					-	-	-	-

- There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

**Progress in actioning priority 1 recommendations**

- We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. The table below summarises the extent to which confirmation has been received that management actions have been taken that the risk exposure identified has been effectively mitigated. More information is provided in Appendix C.

*Mitigating risk exposures identified by internal audit reviews*

Review	Date	Priority 1
Health and Safety	October 2019	1  

## Root Cause Indicators

7. The Root Cause Indicators (RCI) have been developed by TIAA to provide a strategic rolling direction of travel governance, risk and control assessment for Pembrokeshire Coast National Park Authority. Each recommendation made is analysed to establish the underlying cause of the issue giving rise to the recommendation (RCI). The analysis needs to be considered over a sustained period, rather than on an individual quarter basis. Percentages, rather than actual number of reviews/recommendations made permits more effective identification of the direction of travel. A downward arrow signifies a positive reduction in risk in relation to the specific RCI.

### RCI – Direction of Travel Assessment

Root Cause Indicator	Qtr 1 (2020/21)	Qtr 2 (2020/21)	Qtr 3 (2020/21)	Qtr 4 (2020/21)	Medium term Direction of Travel	Audit Observation
<b>Directed</b>						
Governance Framework	N/A	42% (5)	N/A			No reviews completed since Quarter 1 so no comparatives available.
Risk Mitigation		8% (1)				
Control Compliance		42% (5)				
<b>Delivery</b>						
Performance Monitoring		8% (1)				
Financial Constraint		-				
Resilience		-				

## Progress against the 2020/21 Annual Plan

8. **COVID 19:** The progress against the planned work for the quarter has been disrupted by the COVID pandemic. In mid-March, when the potential scale and impact of COVID 19 was becoming evident it was agreed with Pembrokeshire Coast National Park Authority that the delivery of the internal audit service would be carried out remotely thereby minimising the need to physically access Pembrokeshire Coast National Park Authority's offices/premises and to hold face to face meetings. Following discussions with the senior management at Pembrokeshire Coast National Park Authority we were advised that we were able to undertake reviews remotely and work has been undertaken remotely to date. With recent lockdown developments this is largely expected to continue as such in the near future. Some on- site visits had commenced across our client base subject to the client's individual working arrangements and the completion of a risk assessment, but these will depend on local lockdown arrangements and will be agreed with management if appropriate.
9. Our progress against the Annual Plan for 2020/21 is set out in Appendix B.

## Changes to the Annual Plan 2020/21

10. There have been no areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2020/21.

**Frauds/Irregularities**

11. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

**Other Matters**

12. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report.

*Alerts issued by TIAA*

Briefing Note
There were no CBNs since the October Audit and Corporate Services Review Committee
Fraud Alert
Increase in Phishing Emails
Fake NHS COVID-19 Vaccination Alert

13. A Fraud Stop General Edition as part of International Fraud Week was provided to Pembrokeshire Coast National Park Authority in November 2020.

**Responsibility/Disclaimer**

14. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

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## Covid 19 – Governance, Risk and Control considerations during ‘lockdown’ phase

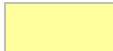
Area	Possible assurance from internal audit
<p><b>Governance:</b> The speed of the need to respond to COVID 19 has significantly impacted on the strategic governance infrastructure:</p> <ul style="list-style-type: none"> <li>• Urgent decisions taken for urgent operational reasons which would normally have gone through Board review and approval</li> <li>• Extension and rollover of procurement contracts</li> <li>• Disruption to management information received by the Board</li> <li>• Operational necessity for management dispensation to scheme of delegation and financial regulations</li> <li>• Move to remote working for reactive operational expediency reasons, rather than as part of a pre-planned strategy</li> </ul>	<p><b>Covid-19 Financial Governance:</b> A review of financial governance and decision making following the business interruption caused by Covid-19, including assessing the accountability for additional spend on Covid-19 related activity.</p>
<p><b>Risk Management:</b> The markers which differentiate COVID 19 pandemic from most business resilience/recovery plans are:</p> <ul style="list-style-type: none"> <li>• Speed of major disruption to business as usual did not permit normal level of preparation</li> <li>• International as well UK-wide, not local</li> <li>• Level of government intervention</li> <li>• Duration and severity</li> <li>• Move to medium term remote working arrangements by staff and suppliers</li> <li>• Consequential impact upon all the previous strategic risks</li> </ul>	<p><b>Business as Usual Resumption Arrangements:</b> Targeted post-event risk mitigation assessment to identify any unintentional gaps in the risk management framework.</p>
<p><b>Internal Control:</b> COVID 19 has provided the perfect storm both in a positive as well as negative manner. The positive aspects are the expeditious embracing of digital business delivery. It is recognised that a number of government and/or regulatory guidance requirements were issued at short notice and many of these were without the normal consultation and similar. On a negative basis the following need to be recognised:</p> <ul style="list-style-type: none"> <li>• Suppliers and contractors being unable to deliver contracted services</li> <li>• Increased digitalisation introduced at very short notice increases information governance risks</li> <li>• Temporary compromise of effective segregation of duties due to staff absences and/or remote working etc</li> <li>• Fraudsters seeking to take advantage of COVID disruption</li> <li>• Deferral and/or reprioritisation of services</li> <li>• Sudden and significant change in demand patterns for services</li> </ul>	<p><b>COVID-19 Business Interruption Controls Framework:</b> To review the control environment in relation to policy and process design or temporary re-design, taking into account the heightened risk of fraud and changes to ways of working.</p> <p><b>Accountability for Additional COVID-19 Funding:</b> Revisiting the control framework for when emergency payments shift into longer term services – especially where large sums are invested.</p>


## Progress against Annual Plan

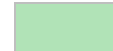
System	Planned Quarter	Days	Current Status	Comments
Key Financial Controls (General Ledger and Budgetary Control)	2	3	Final Report issued 12 <sup>th</sup> October 2020	
Staff Wellbeing and Absence Management	2	3	Final Report issued 12 <sup>th</sup> October 2020	
Governance – Strategic Planning	2	2	Final Report issued 12 <sup>th</sup> October 2020	
Departmental Review - Education	2	3	Final Report issued 12 <sup>th</sup> October 2020	
Planning Applications and Fees	4	3	Planned start date 27 <sup>th</sup> January 2021	
Cyber Security	4	3	Planned start date 25 <sup>th</sup> January 2021	
Income Generation	4	3	Planned start date 28 <sup>th</sup> January 2021	
Follow-up	4	1	Planned start date 29 <sup>th</sup> January 2021	
Annual Planning	1	1		
Annual Report	4	1		
Management, Planning & Audit and Corporate Services Review Committee Reporting/Support	1-4	3		

### KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

## Priority 1 Recommendations - Progress update

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<b>Health and Safety</b>						
The Fire Safety Logbook be completed appropriately to record monthly Emergency Lighting tests, six monthly Fire Drills, monthly Fire Extinguisher monitoring and staff training in relation to Fire Safety.	1	<i>Accept – Although all periodic testing is carried out some of the recording in the Fire Log Book had not been completed. Fire Drills – considering the risks associated with the building and its use we consider that fire drills carried out annually is adequate.</i>	31/01/20	<i>Building Projects Manager</i>	<p><i>19<sup>th</sup> October 2020 – Discussions with the Building Project Manager revealed that the implementation of the recommendation has been delayed to the Covid-19 pandemic. There are still fully three or four sites across the Authority that need to be provided with a Fire Log book for completion.</i></p> <p><i>25<sup>th</sup> January 2021 Update - Discussions with the Building Project Manager revealed that all Fire Log books have been revised and updated to a standard format and issued to all sites. The Building Project Manager confirmed that weekly visits are being undertaken and relevant legislative checks/tests are being completed. The Building Project Manager is planning subject to review all Log Books in March/April to ensure they are appropriately completed.</i></p>	

**KEY:**

**Priority Gradings 1**

1	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
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**Risk Mitigation**

	<b>CLEARED</b>	Internal audit work confirms action taken addresses the risk exposure.		<b>ON TARGET</b>	Control issue on which action should be taken at the earliest opportunity.		<b>EXPOSED</b>	Target date not met & risk exposure still extant
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## Briefings on developments in governance, risk and control

TIAA produces regular briefing notes to summarise new developments in governance, risk, control and counter fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs and Fraud Alerts issued in the last three months which may be of relevance to Pembrokeshire Coast National Park Authority is given below. Copies of any CBNs are available on request from your local TIAA team.

### Summary of recent Client Briefing Notes (CBNs)

CBN Ref	Subject	Status	TIAA Comments
	No CBNs since the October Meeting.		

### Summary of recent Fraud Alerts

Ref	Subject	Status	TIAA Comments
October 2020	Increase in Phishing Emails		<p><b>Action Required</b></p> <p>The alert provides information and advice to employees about fraud and economic crime, and the risks associated with it. If you have fallen victim to fraud or cyber-crime you should report it to Action Fraud by calling 0300 123 2040, or visit: <a href="https://reporting.actionfraud.police.uk/">https:// reporting. actionfraud. police. uk/</a> If you have given your bank details and think you may have lost money, contact your bank immediately.</p>
January 2021	Fake NHS COVID-19 Vaccination Alert		<p><b>Action Required</b></p> <p>The alert provides information and advice to employees about fraud and economic crime, and the risks associated with it. If you have fallen victim to fraud or cyber-crime you should report it to Action Fraud by calling 0300 123 2040, or visit: <a href="https://reporting.actionfraud.police.uk/">https:// reporting. actionfraud. police. uk/</a> If you have given your bank details and think you may have lost money, contact your bank immediately.</p>