

REPORT OF THE INTERNAL AUDITOR

SUBJECT: INTERNAL AUDIT FOLLOW UP REVIEW 2020/21

The follow up review by TIAA, which was omitted from the papers for the previous meeting of the Committee, seeks to establish the management action that has been taken in respect of the recommendations arising from internal audit reviews undertaken in 2019/20.

Recommendation: Members are asked to NOTE and COMMENT on this report

*(For further information, please contact Richard Griffiths, extension 4815
richardg@pembrokeshirecoast.org.uk)*

Pembrokeshire Coast National Park Authority

Follow Up Review

2020/21

January 2021

Executive Summary

Introduction

1. This follow up review by TIAA established the management action that has been taken in respect of the recommendations arising from the internal audit reviews listed below at the Authority. The review was carried out in February 2021.

Review	Year	Date Presented to Audit and Scrutiny Committee
Block 1– Car Parks, Grants, Business Continuity and Information Governance. (undertaken by previous internal auditors Gateway)	2019/20	6 th November 2019
Block 2 – Risk Management, Key Financial Controls (Banking arrangements, Treasury/Investments and Fixed Assets), Health and Safety, Operational Review – Rangers, Follow Up 2019/20 and Fleet Management – Follow Up.	2019/20	12 th February 2020

Key Findings & Action Points

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

Evaluation	Number of Recommendations
Implemented	33
Outstanding	5
Considered but not Implemented	3
Not Implemented	-

3. The Authority has made good progress with 33 recommendations (80%) implemented and three recommendations (8%) considered but not implemented. Five recommendations (12%) remain outstanding and management needs to agree the new implementation date. Further details of the outstanding recommendations are provided in the body of the report.
4. Several health and safety recommendations have been designated as implemented on the verbal assurance of the Health and Safety Manager on the understanding that the documentary evidence will be provided in the first week of February. The report will be updated should this evidence not be provided.

Scope and Limitations of the Review

5. The review considered the progress made in implementing the recommendations made in the previous internal audit reports and established the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
6. 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.
7. For the purposes of this review reliance was 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.

Disclaimer

8. The matters raised in this report 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.

Release of Report

9. The table below sets out the history of this report.

Date draft report issued:	1 st February 2021
Date management responses rec'd:	
Date final report issued:	

Executive Summary

Follow Up

10. Management representations were obtained on the action taken to address the recommendations and limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been fully implemented:

11. **Block 1 – 2019/20**

Audit title	Grants	Audit year	2019/20	Priority	3
Recommendation	The Authority should include within its Grant Conditions a clause against financial loss incurred as a result of criminal activity. It should clearly state the Authority's position and action it will take in the event of such occurrence, i.e. reclaim of assets to cover financial loss suffered.				
Initial management response	Agreed. The Authority will consider the inclusion of such a clause in the Grant Conditions.				
Responsible Officer/s	Finance Manager	Original implementation date	31/01/2020	Revised implementation date(s)	N/A
Latest Update	Consideration was given but the finding was dismissed because it was felt that existing conditions already covered it. Further, any such breaches would be treated as fraud and appropriate action would be taken through legal proceedings.				
New implementation date	N/A	Status	Considered but not implemented	The recommendation has been considered but not implemented	

Audit title	Business Continuity Plan	Audit year	2019/20	Priority	1
Recommendation	The BCP should to be re-written to ensure that it reflects the current processes required to ensure that the organisation can continue operationally in recovering from a disaster, mishap or other event. Additionally, once the BCP has been agreed all nominated personnel should be made aware of their responsibilities and trained accordingly. The plan should be tested on an annual basis and updated accordingly.				
Initial management response	Recommendations accepted. A new BCP will be created with an annual test schedule and all staff will be provided with appropriate training.				
Responsible Officer/s	Business Improvement and IT Manager	Original implementation date	31 st December 2019	Revised implementation date(s)	N/A
Latest Update	Delayed due to Covid-19 however a new BCP will be created with an annual test schedule and all staff will be provided with appropriate training.				
New implementation date	To be confirmed by the client for the final report	Status	Outstanding	The recommendation is outstanding and past its due date.	

12. Block 2 – 2019/20

Audit title	Risk Management	Audit year	2019/20	Priority	2
Recommendation	The Risk Management Strategy be reviewed and updated to reflect current arrangements.				
Initial management response	Agreed. The Strategy will be updated to reflect the 4 x4 scoring introduced in 2018.				
Responsible Officer/s	Finance Manager	Original implementation date	31/01/2020	Revised implementation date(s)	To be confirmed by the client.
Latest Update	Discussion with the Finance Manager confirmed that the Risk Management Strategy has not been updated.				
New implementation date	To be confirmed by the client for the final report	Status	Outstanding	The recommendation is outstanding and past its due date.	

Audit title	Risk Management	Audit year	2019/20	Priority	2
Recommendation	The narrative in the Mitigation and Controls/Monitoring columns be expanded upon, where applicable, to provide greater assurance to the Authority Members that the risks are being mitigated.				
Initial management response	Agreed. We will explore expanding the narrative in the mitigation and control/ monitoring columns				
Responsible Officer/s	Finance Manager	Original implementation date	31/01/2020	Revised implementation date(s)	To be confirmed by the client
Latest Update	Discussion with the Finance Manager confirmed that this recommendation has not yet been implemented.				
New implementation date	To be confirmed by the client for the final report	Status	Outstanding	The recommendation is outstanding and past its due date.	

Audit title	Risk Management	Audit year	2019/20	Priority	3
Recommendation	Each risk be allocated to a named individual to ensure accountability and clarity of ownership.				
Initial management response	Disagree. This has been tried in the past, including allocating risks to Members as well as staff. We consider that the current process of review will be more effective.				
Responsible Officer/s	Finance Manager	Original implementation date	31/01/2020	Revised implementation date(s)	N/A
Latest Update	The initial management response has been noted and recommendation closed.				
New implementation date	N/A	Status	Considered but not implemented	The recommendation has been considered but not implemented	

Audit title	Follow Up 2019/20 (Risk Management 2018/19)	Audit year	2019/20	Priority	2
Recommendation	The Authority should recognise risk at an inherent level and align this analysis with its business plan to ensure that all stakeholders recognise the risks which are critical to the Authority's success.				
Initial management response	We will investigate the practicality of incorporating this suggestion into departmental business plans				
Responsible Officer/s	Finance Manager	Original implementation date	31/03/2019	Revised implementation date(s)	N/A
Latest Update	Discussion with the Finance Manager confirmed that this is ongoing but has not yet been completed.				
New implementation date	To be confirmed by the client for the final report	Status	Outstanding	The recommendation is outstanding and past its due date.	

Audit title	Fleet Management Follow Up	Audit year	2019/20	Priority	N/A
Recommendation	Review and approve the draft Company Vehicle policy document and then update all existing fleet policy documents to provide consistency. Ensure the updated documents are communicated and stored centrally for ease of access, for example in Parcnet under a new 'Fleet Vehicles' heading				
Initial management response	A Fleet Management Policy has been prepared and a corresponding Fleet Management Procedure has been drafted and is currently under review by Logical Vehicle Management Ltd. Elements of the draft provided by Logical have been included in to the documents. Once the documents have completed the Authority review and approval process they will be published on Parcnet (Authority's Intranet).				
Responsible Officer/s	Business Improvement & IT Manager	Original implementation date	31/12/2019	Revised implementation date(s)	N/A
Latest Update	The Fleet Management Policy and Associated Procedure were written, reviewed and approved in early 2020, however, due to the subsequent decision to terminate the agreement with Logical Vehicle Management Services and pending the re-engagement with Pembrokeshire Country Council, the subsequent amendments and requisite approvals have been placed on hold.				
New implementation date	To be confirmed by the client for the final report	Status	Outstanding	The recommendation is outstanding and past its due date.	

Audit title	Fleet Management Follow Up	Audit year	2019/20	Priority	N/A
Recommendation	Explore the financial and Health & Safety benefits that could be realised through installing telematics units in all PCNPA vehicles.				
Initial management response	The Authority agree with this recommendation and are currently in the process of implementing it. Update Dec 2019 – a proposal to purchase and install Dash Cams across the Authority Fleet has been prepared, funding for which will be applied for when additional funding becomes available from the Welsh Government. Dates for the next allocation are unknown therefore an implementation date cannot be given.				
Responsible Officer/s	Business Improvement & IT Manager	Original implementation date	31/12/2019	Revised implementation date(s)	N/A
Latest Update	On examination, the possible benefits gained from the use of telematics do not outweigh the corresponding financial and resource commitments.				
New implementation date	N/A	Status	Considered but not implemented	The recommendation has been considered but not implemented	

13. The following 33 recommendations have been implemented.

Audit Title	Recommendation	Priority	Responsible Officer	Due Date	Status
Block 1– Car Parks, Grants, Business Continuity and Information Governance. (undertaken by previous internal auditors Gateway)					
Car Parks – 2019/20	The Authority should devise a plan and timetable for installing cashless P&D machines, to be rolled across the 14 car park sites. This should be shared with Members and approval	2	Estates Officer	31/03/2021	Implemented
Car Parks – 2019/20	The Authority should compile a formal car parking policy, to provide clear guidance to all car park users, what car parks are available and to whom, how much the user will pay and the responsibilities of the user.	3	Estates Officer	31/03/2021	Implemented
Car Parks – 2019/20	The Authority should review car parking fees annually, as good practice.	3	Estates Officer	31/03/2021	Implemented
Grants – 2019/20	The review conducted by the Finance Manager and Director of Planning should be documented and held on file.	3	Finance Manager	01/01/2019	Implemented
Grants – 2019/20	The Authority should conduct a ‘spot check’ of PLANNED grant files. To ensure that the files have been constructed in a formal manner thereby allowing to locate key grant documents with ease.	3	Finance Manager	01/01/2019	Implemented
Business Continuity – 2019/20	Currently both the daily and weekly backups are located within the chapel adjacent to the main Headquarters building. As a mitigating solution the weekly backups should be stored further away, preferably off site.	3	Business Improvement & IT Manager	31/08/2019	Implemented
Information Governance Health Check – 2019/20	All policies are currently undergoing review and a designated owner has been identified for each policy. It is important to ensure that this review process momentum is maintained, in order that all policies are scrutinised and amended in a timely manner.	3	Business Improvement & IT Manager	31/10/2019	Implemented
Information Governance Health Check – 2019/20	Ongoing training should be provided for all members of staff to include emerging issues, cyber threats and Data Protection updates through the use of e-newsletters or intranet snapshots.	3	Business Improvement & IT Manager	31/10/2019	Implemented
Information Governance Health Check – 2019/20	Consideration should be given to conducting a full Penetration test to provide assurance on the level of security applied to the network.	3	Business Improvement & IT Manager	31/10/2019	Implemented

Audit Title	Recommendation	Priority	Responsible Officer	Due Date	Status
Block 2 – Risk Management, Key Financial Controls (Banking arrangements, Treasury/Investments and Fixed Assets), Health and Safety, Operational Review – Rangers, Follow Up 2019/20 and Fleet Management – Follow Up. (undertaken by TIAA)					
Health and Safety – 2019/20	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	Buildings and Projects Manager	31/03/2020	Implemented
Key Financial Controls – 2019/20	The Investment Strategy and Treasury Management Policy Statement be amended to reflect the investment periods and to determine the amount that can be invested in one financial institution.	2	Finance Manager	29/02/2020	Implemented
Key Financial Controls – 2019/20	All 'Z' readings be recorded on the Weekly Finance Sheet and the sequential numbering be reviewed by the Finance department as part of the checking process.	2	Finance Manager	31/12/2019	Implemented
Health and Safety – 2019/20	The delegated members of staff be formally trained in order to execute their role as Fire Marshall effectively.	2	Buildings and Projects Manager	31/03/2020	Implemented
Health and Safety – 2019/20	Ensure boxes are appropriately stocked and subject to regular audits as required by the policy.	2	Buildings and Projects Manager	31/03/2020	Implemented
Health and Safety – 2019/20	Ensure appropriate number of First aid boxes held in designated First Aid points.	2	Buildings and Projects Manager	31/03/2020	Implemented
Rangers – 2019/20	Time and Work records be completed in full.	2	Ranger Service Manager	12/02/2020	Implemented
Follow Up 2019/20 (Department Review – Carew Castle 2018/19)	A formal business plan should be established to establish the longer term objectives for Carew Castle and provide a costed approach to the potential development of the visitor attraction. The plan should then be supported by an annual operational plan by considering development of the current team plan to reflect an annual initiatives and operational targets that will assist budget planning and monitoring of progress.	2	Visitor Services Manager (South Pembrokeshire)	31/12/2020	Implemented
Risk Management 2019/20	The Risk Register be reviewed on a more regular basis by the Leadership Team to demonstrate ownership and timely updating of the risks.	3	Finance Manager	31/01/2020	Implemented
Risk Management 2019/20	A risk process test be carried out to assess the robustness and completeness of the risk mitigation arrangements.	3	Finance Manager	31/03/2020	Implemented

Audit Title	Recommendation	Priority	Responsible Officer	Due Date	Status
Key Financial Controls – 2019/20	The 'Z' reading summary report be either sent into the Finance Department as an audit trail or be scanned in where possible and then retained on the electronic shared drive on the network system in order that checks can be performed by the Finance Department.	3	Finance Manager	01/01/2020	Implemented
Key Financial Controls – 2019/20	The Estates Officer or all Directors/Department Managers responsible for equipment and assets be provided with an inventory list from the Asset Register on an annual basis and confirmation be obtained that the equipment and assets are still in existence. These records be retained as evidence of the verification checks.	3	Finance Manager	31/01/2020	Implemented
Key Financial Controls – 2019/20	Sales taken via the Tea Room at Carew Castle and Tidal Mill be added to the sales breakdown within the Weekly Finance Sheet.	3	Finance Manager	30/01/2020	Implemented
Health and Safety – 2019/20	The names of the Authority's Fire Marshalls be made visible across the site.	3	Buildings and Projects Manager	31/03/2020	Implemented
Health and Safety – 2019/20	Ensure that the emergency contact telephone numbers are clearly displayed on the wall of the first aid room.	3	Buildings and Projects Manager	31/03/2020	Implemented
Rangers – 2019/20	Calculations on Time and Work record to be checked for accuracy prior to authorisation and payment.	3	Ranger Services Manager	12/02/2020	Implemented
Rangers – 2019/20	Rangers be reminded to provide time and work records on a weekly basis in order to meet processing deadlines.	3	Ranger Services Manager	12/02/2020	Implemented
Follow Up 2019/20 (Department Review - Castell Henllys 2018/19)	We recommend that the Authority prepare a specific business plan for the future use and development of Castell Henllys which acknowledges the relevance of the site for tourism and educational purposes.	3	Director of Countryside, Community and Visitor Services	30/04/2019	Implemented
Follow Up 2019/20 (Department Review - Castell Henllys 2018/19)	The Authority should consider whether alternative secure and efficient cash collection procedures are available which would also allow staff to remain on site during opening hours.	3	Finance Manager	30/04/2019	Implemented
Follow Up 2019/20 (Department Review - Castell Henllys 2018/19)	Consideration be given to the potential for marketing and use of the site through engagement with like-minded partners.	3	Visitor Services Manager (North Pembrokeshire)	30/04/2019	Implemented

Audit Title	Recommendation	Priority	Responsible Officer	Due Date	Status
Follow Up 2019/20 (Exchequer Accounting Software 2018/19)	The Authority should consider implementing upgrades to the current version of the software in order to ensure appropriate functionality and security is maintained.	3	Finance Manager	31/05/2019	Implemented
Follow Up 2019/20 (Department Review – Carew Castle 2018/19)	Consider introducing a maximum onsite cash holding to reduce potential for security incidents that may threaten staff safety	3	Visitor Services Manager (South Pembrokeshire)	30/07/2019	Implemented
Fleet Management Follow Up – 2019/20	Appoint a Fleet Management company to provide ongoing fleet expertise and management to PCNPA	N/A	Business Improvement & IT Manager	28/02/2020	Implemented
Fleet Management Follow Up – 2019/20	Link the key driving risk areas together to establish who the high risk drivers are and implement a risk based action plan specifically for this population.	N/A	Business Improvement & IT Manager	28/02/2020	Implemented