

REPORT OF THE INTERNAL AUDITOR

SUBJECT: INTERNAL AUDIT REPORT 2022/23

The report is the outcome of work completed against the block one of the 2022/23 operational audit plan previously approved by the Authority's Audit and Corporate Services Review Committee

The internal audit service reviewed the following areas:

- Payroll and Expenses
- Visitor Centres

From these examinations, taking into account the relative risk of the business areas the internal audit service formed generally very positive conclusions regarding the policies, procedures and operations in place.

Also attached is the Summary Internal Controls Assurance (SICA) Report.

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

*(For further information, please contact Richard Griffiths, extension 4815
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Internal Audit

FINAL






Pembrokeshire Coast National Park Authority

Assurance Review of Payroll and Expenses

2022/23

October 2022

Executive Summary

<p>OVERALL ASSESSMENT</p>	<p>KEY STRATEGIC FINDINGS</p>								
 <p>The diagram shows a central green circle labeled 'SUBSTANTIAL ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.</p>	<ul style="list-style-type: none">  The Authority has adequate controls in place for the management of the payroll and expenses arrangements,  The Financial Procedure No. FP6 - Payroll Procedures is in need of review.  The Financial Procedure No. 10 - Subsistence and Expenses Allowances Scheme is overdue a review and does not align with the Financial Standards in relation to subsistence claims. 								
<p>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</p>	<p>GOOD PRACTICE IDENTIFIED</p>								
<p>N/A</p>	<ul style="list-style-type: none">  The Mileage Claim form which is an Excel format sets out tabs for the standard allowances for Essential and Casual users and for Approved Standard Journey Distances, One-Way from Head Office in Llanion Park. This is an example of good practice as it provides clear guidance for mileage claims and costs. 								
<p>SCOPE</p>	<p>ACTION POINTS</p>								
<p>The review considered the arrangements for: the creation, amendment and deletion of payroll records; payment of expenses, allowances and pay awards; and payment of salaries. The scope of the review did not include determination of salary scales, appointment and removal of staff, severance payments or pension arrangements.</p>	<table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>2</td> <td>1</td> </tr> </tbody> </table>	Urgent	Important	Routine	Operational	0	0	2	1
Urgent	Important	Routine	Operational						
0	0	2	1						

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Financial Procedure No. FP6 - Payroll Procedures were last reviewed in September 2018. The Procedures need to be reviewed and updated to reflect current arrangements especially around the new digitalisation processes.	The Financial Procedure No FP6 - Payroll Procedures be reviewed and updated to reflect current arrangements.	3	Accepted.	31/12/22	Finance Manager
2	Directed	The Financial Procedure No. 10 - Subsistence and Expenses Allowances Scheme were last reviewed and approved by the Personnel Committee in November 2004. The Procedures do not align with the Financial Standards, for example, the Procedures set out that "Claims for less than £20, fully supported by receipts, may be paid through Petty Cash at the Finance Manager's discretion" whereas the Financial Standards states £25.	The Financial Procedure No. 10 - Subsistence and Expenses Allowances Scheme be reviewed and updated to reflect current arrangements.		<p>While acknowledging that the date review FP10 document has not been updated the allowances are periodically considered. They were reviewed by Finance Manager and the former HR Manager in 2016 and also considered at the time the travel policy was drafted 2020.</p> <p>For clarification all subsistence allowances are paid via the payroll and the £20 limit relates to miscellaneous items such as stationary / postage/ car parking costs that are paid by and refunded to officers.</p>	31/12/22	Finance Manager

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The payments to third parties occur in the month following the payroll run, therefore this creates a creditor balance each month in the Balance Sheet which needs to be reconciled. The Finance Manager stated that a check of the figures in the Balance Sheet is conducted each month as part of the closedown of the ledgers, however this could not be verified as it is not formally recorded. The Finance Manager maintains an Exchequer Period End Checklist, this task needs to be added as a reminder that the check needs to be undertaken and to evidence completion.	The check to ensure the creditor balance in the Balance Sheet relating to the third party payroll payment be added to the Exchequer Period End Checklist as a reminder to perform the task and of completion.	<i>Payments Dyfed Pensions & HMRC are always paid in the month following the related payroll, all other 3rd party payments made at the end of the month in question.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:











Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, & 2	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	1

Other Findings

- The Financial Standards that were last reviewed and approved by the Standards Committee in February 2020 set out the payroll and travel and subsistence arrangements.
- The Authority's Travel Policy was most recently reviewed and approved by the Leadership Team in January 2020.
- The Payroll Manager is responsible for day-to-day payroll administration and the Finance Manager has overall responsibility. . The HR Manager signs off all information, other than the timesheets and additional hours which comes directly from Line Mangers.

Other Findings

-  Carmarthenshire County Council (CCC) are contracted to provide payroll services for the Authority. The Payroll Manager has access to the Council's Citrix Portal to access the Council's payroll system to input data. The Payroll Manager amends the standing data where applicable each month based on information provided by the HR Department. CCC run the payroll and provide the Payroll Manger with relevant draft reports to check the accuracy of the data before the payroll is completed. A BACS (Bankers Automated Clearing System) report summarising all net payments to all employees report is provided by CCC which is now authorised electronically by the Finance Manager before the payments are released by CCC. CCC have access the authority's bank account to release the payroll payments. The Payroll Manager cannot amend her own data.
-  For all new employees the HR Department completes a Commencement of Employment form and send this electronically to the Payroll Manager before a new employee can be created on the payroll system. The Payroll Manager and Finance Officer are currently the only members of staff who have access to the CCC Payroll system.
-  CCC provide various reports that include the total of deductions to third parties. These are paid to the third parties such as HMRC (His Majesty's Revenue and Customs), Local Government Pension Scheme and Childcare Vouchers.
-  A review of the staff listed in the HR system was compared to the names on the payroll system and no anomalies were identified.
-  A sample of five new starters was selected and Commencement of Employment forms were present in each case. Each form was authorised by the HR Manager. Testing of new starters also revealed that the commencement date on the payroll system concurred with the date on the Commencement of Employment forms.
-  All non-temporary employees are auto enrolled onto the Local Government Pensions Scheme. Two out of the five new employees selected were auto enrolled onto the pension scheme and the other three were temporary employees. The testing also revealed that the employees were accurately paid in a timely manner based on the commencement salaries set out on the Commencement of Employment forms.
-  Staff must complete a Mileage Claim form to claim any reimbursement of business mileage and a Subsistence Claim form for reimbursement of expenditure incurred for subsistence and other expenses. A sample of expense claims between April and August 2022 was selected and in each case authorised Mileage Claim forms with receipts, where applicable, were present to support the payment made.
-  A review of the payroll payment runs for June, July and August 2022 was undertaken. The review revealed that the value per the Credit Transfers Via Payments Report from CCC concurred with the value per the BACS Authorisation Form from CCC and to the Authority's bank statement. The Finance Manager authorised the payments in each case.
-  The payments to third parties occur in the month following the payroll run, therefore this creates a creditor balance each month in the Balance Sheet which needs to be reconciled. The Finance Manager stated that a check of the figures in the Balance Sheet is conducted each month as part of the closedown of the ledgers, however this could not be verified as it is not formally recorded. (Operational Effectiveness Matter 1 refers).
-  The HR Department has set up an Essential User List setting out employees who are entitled to a monthly allowance. A review of the allowances was undertaken and a sample of employees was selected and these were verified to the Essential User List for 2022.

Other Findings

Staff who work additional hours must complete a Claim for Additional Payment form which has to be authorised by the relevant line manager. A sample of overtime payments made between April and August 2022 was selected and in each case authorised Claim for Additional Payment forms were present to support the payments made.



A sample of five leavers from the last six months was selected and authorised Termination of Employment' forms were evident in each case. The testing revealed that the date of leaving concurred with the date of leaving on the HR system. The reason for leaving was also recorded in the system.



Testing was undertaken using data analytics to establish if there were any duplicate bank accounts within the payroll transactions. No duplicate bank accounts were identified.





Delivery Risk:


Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring 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.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings

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The total budget for salaries approved for 2022/23 was £3,464,424. As at the end of August 2022 the actual salary costs were reported as £1,349,910 against a year to date budget of £1,425,414, an underspend of £75,504. The underspend was attributed vacant posts in the period between staff leaving and posts being filled.
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All forms relating to the payroll process are all completed and retained electronically as part of the move to electronic paperless systems and processes to support sustainability within the Authority.
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The Mileage Claim form which is in an Excel format sets out tabs for the standard allowances for Essential and Casual users and for Approved Standard Journey Distances, One-Way from Head Office in Llanion Park. This is an example of good practice as it provides clear claims costs and clear guidance for mile claims.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review, 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.

Effectiveness of arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

- The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

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

Stage	Issued	Response Received
Audit Planning Memorandum:	1 st September 2022	1 st September 2022
Draft Report:	6 th October 2022	24 th October 2022
Final Report:	24 th October 2022	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	Pembrokeshire Coast National Park Authority		
Review:	Payroll and Expenses		
Type of Review:	Assurance	Audit Lead:	Audit and Fraud Manager

Outline scope (per Annual Plan):	The review considers the arrangements for: the creation, amendment and deletion of payroll records; payment of expenses, allowances and pay awards; and payment of salaries. The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or pension arrangements.		
Detailed scope will consider:	<p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery</p> <p>Performance monitoring: 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.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>	
Requested additions to scope:	As above		
Exclusions from scope:	The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or pension arrangements.		

Planned Start Date:	15 th September 2022	Exit Meeting Date:	29 th September 2022	Exit Meeting to be held with:	Payroll Manager
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N



Internal Audit

FINAL

Pembrokeshire Coast National Park Authority

Assurance Review of Visitor Centres - Castell Henllys

2022/23

October 2022

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk 30 "Incident caused by or to staff, volunteers or service users"

SCOPE

A visit was made to a visitor centre (Castell Henllys) to assess compliance with Financial and Duty of Care Policies and Procedures.

KEY STRATEGIC FINDINGS



Access to the KCPOS, EPOS (Electronic Point of Sales) till needs to be reviewed to strengthen security.



The Fire Safety Policy needs to be reviewed and updated.



Inspections of ACMs (Asbestos Containing Materials) need to be undertaken and recorded.

GOOD PRACTICE IDENTIFIED



Weekly Sales Takings are completed electronically and saved on a shared drive where the Finance Department can easily access the forms.

ACTION POINTS

Urgent	Important	Routine	Operational
0	3	6	1

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	Access to the KCPOS till system is via a one digit pin number only. There is a risk that any of the current users can use anybody else's number to access the till. Access to the system is restricted to all trained members of staff other than those who are general site staff. It was noted the eight members of staff can operate and access the till including the Visitor Centre Manager, Supervisor, Site Administrators and Heritage Interpreter. The system automatically signs any user out of the system if the system is idle for a short period of time, although this can be a little frustrating it ensures security of the till and therefore the till cannot be accessed by any unauthorised individual.	The process for access to the KCPOS till be reviewed to strengthen the digital pin numbers for user access to minimise risk of unauthorised access and to assist with user accountability.	2	All users now have a 4 digit pin number.	Done	Delun GibbyVSM

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	A review of the Fire Safety Log book revealed that fire alarm tests are being undertaken every week. It was noted that the Fire Safety Policy states that "The fire alarm will be tested on a regular basis....". It is legislation to undertake weekly fire alarm tests and by stating "periodic" in the Policy this can imply that testing could be undertaken less frequently.	The wording of the Fire Safety Policy be amended to state weekly fire alarm tests (except over the Christmas period when the Centre is closed).	2	<i>BPM - Fire alarm frequency wording included in Section 3, item 8 of all PCNPA fire log books, they are to be updated as suggested. Action to be taken as part of annual log book reviews (RP to action).</i>	31/03/23	<i>Building Projects Manager</i>
9	Directed	The Centre was subject to an Asbestos Management Survey in 2004 by J and S Bridle Associates Limited. The survey concluded that two areas had ACMs (Asbestos Containing Materials) present, in the toilet block finial and in the cement tiles of the lower level roof at the back of the house. There was no evidence provided of annual checks being performed to ensure the ACMs have not been disturbed. Under Regulation 4 of the Control of Asbestos Regulations 2012 the Dutyholder is required to prepare a plan setting out how any risk will be managed, this includes regular inspections at least every 12 months. The Building Projects Manager confirmed that inspections are carried out as part of the Buildings Maintenance Programme but they are not recorded.	Records be maintained as evidence of the visual inspections performed on areas where ACMs (Asbestos Containing Materials) are present at Castell Henllys in accordance with the Control of Asbestos Regulations 2012.	2	<i>BPM – All ACM's present are inspected annually as part of the property inspections carried out by the Building Projects Manager as part of the Building Maintenance programme. Records of this to be kept as part of an Asbestos Management Plan to meet the requirements of the legislation.</i>	31/12/22	<i>Building Projects Manager</i>

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	A review of the bank paying-in book revealed that bankings are generally being undertaken every two weeks where appropriate. A review of the bankings for the last two months revealed that £3,248.70 was banked on the 1 st September 2022. It was noted that the safe insurance limit was £2,000, which meant that takings would not have been fully covered in the event of theft.	A trigger point for banking be set to ensure that the amount held in the safe does not exceed the insurance threshold.	3	<i>The £3248.70 was a one off where the member of staff in charge of banking was away on leave. However we shall look into getting a larger safe to accommodate a larger quantity of cash.</i>	31/03/23	Delun Gibby/ Richard Griffiths
3	Directed	The shop has a refund policy whereby items can be returned within 28 days of purchase with appropriate receipts, however this is not displayed to the public.	A Refund Policy be appropriately displayed near the Reception area.	3	<i>Will print off the policy and display at reception desk.</i>	30/10/22	Delun Gibby VSM
4	Directed	The review of the 'Z' readings for the last four weeks revealed that receipts from refunds are not being printed off and retained to support the transactions in accordance with good till accountability and so that this can be monitored for excessive usage.	Receipts from refunds be retained with the relevant Daily 'Z' readings and retained for possible future inspection.	3	<i>Information will be passed on to staff and will be implemented immediately.</i>	Immediately	Delun Gibby VSM

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Directed	A review of the Fire Safety Log book revealed that monthly emergency lighting tests are generally being undertaken and recorded in the Fire Safety Log book, however there was no evidence of checks being undertaken in July and August 2022.	Emergency lighting tests be performed on a monthly basis in accordance with the Fire Safety Policy and Procedures and in accordance with BS EN 50172:2004 / BS 5266-8:2004.	3	<i>Although checks were undertaken they were not recorded properly. We will ensure that all inspections are recorded. BPM – VSM to ensure all testing in accordance with Fire Safety Policy is carried out and recorded.</i>	Immediately	Delun Gibby VSM
7	Directed	The shop does not have a Control of Substances Hazardous to Health Regulations (COSHH) risk assessment in place.	A Control of Substances Hazardous to Health Regulations (COSHH) risk assessment be undertaken and retained at Castell Henllys.	3	<i>This risk assessment will be undertaken and written in this coming week.</i>	14/10/22	Delun Gibby VSM
8	Directed	A First Aid box was available at the shop. However, some contents were found to be out of date, for example two Sterile Saline Cleansing Tubes dated 08/2018 and a cleansing wipe dated 09/2019. Contents need to be reviewed regularly to ensure adequately replenished and that all items are within their useful life.	First Aid Boxes be reviewed regularly to ensure that the contents are replenished and to review the expiry dates of relevant items, replacing where necessary.	3	<i>All first aid boxes are up to date however some out of date eye wash have been kept in some first aid boxes that will now be removed. There is one redundant first aid box in Pantglas that has all of the out of date bandages, but this shall be removed from the premises.</i>	Immediately	Delun Gibby VSM

PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	<p>The Visitor Site Manager (VSM) stated that a Fire Risk Assessment (FRA) had been undertaken for the Centre in the last 12 months. However, the most recent copy available at the Centre was undertaken in 2019.</p> <p>The Building Projects Manager confirmed that a FRA had been undertaken and fully reviewed in 2022, a copy was present at the site but not signed by the VSM.</p>	<p>The Fire Risk Assessment be signed and dated by the VSM as evidence of acceptance and understanding of the risks in the event of a fire.</p>	<p><i>BPM – VSM to ensure FRA is signed and document understood.</i></p>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:


Failure to properly direct the service to ensure compliance with the requirements of the organisation.


Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	2, 3, 4, 5, 6, 7, 8 & 9	1


Other Findings


- Castell Henllys is a visitor centre within an Iron Age village. The Centre has a shop run and managed by the Authority and a café. The café is franchised to a local company with a rental agreement in place.
- The organisation's Fire Safety Policy was most recently reviewed and updated in September 2021. The Policy sets out the Evacuation plan with fire exits.
- The Centre has Reception Shop Procedures and Daily Site Procedures and Duties (Site Staff) in place to support the operation of the Centre.
- The organisation's Petty Cash Policy was recently reviewed and updated in January 2020 by the Finance Director and approved by the Senior Management Team.


Other Findings

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The Centre Shop operates a KCPOS till which is an EPOS (electronic point of sale) till. The Visitor Services Manager (VSM) can add any new users to the KCPOS till system. There are currently eight users who can operate the till and have access to the safe. It was confirmed with the Visitor Services Manager that this number of users is required to cover the seven days a week that the Centre is open.
- 

At the end of each day the Site Administrator, Visitor Services Manager or Supervisor runs a 'Z' reading report. The cash is counted and the card takings taken from a report from the card system and the till reconciled. The takings are recorded on a standard template electronic Daily Takings Sheet which is saved on the 'F' drive on the Authority's network system. The Manager or Assistant Manager counts the cash and completes the daily banking. The credit card sales data is pulled centrally into the system at Head Office. At the end of the week a Weekly Finance Sheet is completed with the data from the Daily Takings sheet transferred and reconciled accordingly and saved onto the 'F' Drive where the Finance Department have access to the data.
- 

Bankings ideally should be undertaken weekly, however it has been agreed by the Finance Manager that this can be undertaken fortnightly if the cash is under £2,000 to ensure the cash held does not exceed the safe insurance limit.
- 

The Centre has a Stock Management module in the Exchequer Finance System. The stock for the shop is generally priced by the Retail Manager for stock that is sold in all Visitor Centres and local stock unique to Castell Henllys is priced by the Visitor Services Manager or Supervisor. The price is entered on the Stock Management system against the cost of the product and the system generates the profit margin, The Centre aims to set a 40 per cent profit margin.
- 

The Authority has identified a generic risk which could relate to Castell Henllys which is Risk 30 "Incident caused by or to staff, volunteers or services users". Mitigating controls were in place and operating effectively.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring 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.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings



The budgeted income for Castell Henllys for 2022/23 has been set as £97,010 which includes merchandise purchases. At the end of August 2022 the Management Accounts reported a year to date net income of £96,368 against a budget year to date of £33,653 a positive variance of £62,715. The main reason for the positive variance is due to an increase in merchandise sales and admission fees.



Prior to the Covid-19 pandemic the Centre completed manual Daily Takings forms and Weekly Summary Sheets which were sent to Head Office with the paper copies of the 'Z' readings and associated slips. The Daily Takings Form and Weekly Summary Sheets are now completed electronically and the associated 'Z' readings are retained at the Centre and are available on request from the Finance Department in the event of any query with the figures.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, 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.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

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

Stage	Issued	Response Received
Audit Planning Memorandum:	1 st September 2022	1 st September 2022
Draft Report:	5 th October 2022	
Revised Draft Report:	19 th October 2022	27 th October 2022
Final Report:	27 th October 2022	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	Pembrokeshire Coast National Park Authority		
Review:	Visitor Centres & Cafes - Castell Henllys		
Type of Review:	Assurance	Audit Lead:	Audit and Fraud Manager

Outline scope (per Annual Plan):	A visit will be made to a one visitor centre to assess compliance with Financial and Duty of Care Policies and Procedures.		
Detailed scope will consider:	<p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery</p> <p>Performance monitoring: 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.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>	
Requested additions to scope:	Castell Henllys was selected for the audit.		
Exclusions from scope:	As above.		

Planned Start Date:	14 th September 2022	Exit Meeting Date:	3 rd October 2022	Exit Meeting to be held with:	Visitor Services Manager
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N


Additional Findings

Appendix C

The following narrative provides additional detail in relation to findings. The purpose of this section is only to provide detail on those matters where it is felt that further explanation is required; not all control issues, findings or recommendations are expanded on in this section.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM	
C	Compliance	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in pace	2, 3, 4, 5, 6, 7, 8 & 9	1
	The shop is performing daily 'reconciliations' in accordance with procedures and best till accountability practice. The readings were checked for each trading day for the four weeks prior to the visit (15 th September 2022) and details verified to the Weekly Finance Sheet. Testing was also undertaken to confirm the times that the 'Z' readings of the four weeks prior to the visit were taken and no issues were identified. The till has a float value of £100 and this was recorded in each case.				
	There is an open drawer functionality on the KCPOS till system to enter the till drawer. Staff use this for providing change to the till if required. This does not register on system which could be a risk, however this is due to the software and is mitigated by the daily reconciliation of takings.				
	Void transactions occur when in the middle of a transaction or at the end of a transaction if the customer has changed their mind. If the transaction has been completed a refund transaction would need to be performed. It was noted that during the review of the 'Z' reading for the four weeks reviewed that very few voids had occurred.				
	A review of overs and unders in the last four weeks revealed no instances of overs and unders in excess of £5 and very few instances in general.				
	Staff are entitled to 25% discount on all purchases. There is a discount functionality in the system and the till user must enter a percentage as there are some products whereby the margin is less than 25%. Staff are advised that they must not serve themselves, however this practice could occur as there is no process to highlight these transactions, again this is due to the software in use.				
	The Fire Alarm system is externally maintained by Fire and Security (FAS) Limited and was most recently serviced in August 2021. The VSM stated that confirmation has been received from FAS that they are due to visit in September 2022. The Emergency Lighting Alarm system is also externally maintained by FAS as part of the annual Fire alarm service and maintenance contract.				
	A review of the Fire Safety Log Book revealed that fire evacuation drills are being undertaken and recorded in the Fire Safety Log book in accordance with the Fire Safety Policy and Procedures and in accordance with best practice. The last drill was in May 2022.				
	A walkabout of the Centre revealed adequate fire signage was in place and fire exits were clear and not blocked.				

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
	Firefighting equipment was in place within the Centre. Each appliance was last serviced in August 2022. A review of the Fire Log Book revealed evidence of regular checks on firefighting equipment in accordance with best practice and in accordance with the British Standard 5306-3.			
	The only gas on the premises is supply to the gas cooker from a LGP (Liquefied Petroleum Gas) propane storage tank .The Cathodic protection Inspection was last carried out in November 2020 and must be carried out every three years.			
	The shop's electrical system was most recently tested by NSE Wales Limited in August 2022 and given an overall assessment of Satisfactory. The NICEIC (National Inspection Council for Electrical Installation Contracting) certificate was retained by the Estates Department. The certificate revealed four C2s - "Potential Dangerous" and 4 C3s "Improvement Recommended". It was noted on the certificate that the C2s were rectified by the electrical contractor at the time of their visit. The Building Projects Manager confirmed that quotes have been requested to address the C3 points.			
	The Centre's electrical appliances was most recently PAT (Portable Appliance Testing) tested in March 2022. A review of a sample of appliances revealed that each appliance had an up to date sticker demonstrating that it was tested in March 2022.			
	Risk Assessments have been undertaken in various areas and activities within the Centre. All Risk Assessments are retained on file. These include Allergies and Activities Risk Assessment dated July 2022, Visitor Safety Risk Assessment dated April 2022, Use of Mobile Scooter Risk Assessment dated July 2022, Roundhouses Risk Assessment dated April 2022 and Ancient Textiles Workshop Risk Assessment dated July 2022.			
	A Legionella Risk Assessment was undertaken in September 2019 by Vector Air and Water Limited which identified two medium risk and seven low risks. The Building Projects Manager confirmed that these have been actioned. Vector carry out regular TMV (Thermostatic Mixing Valves) services, the most recent was undertaken in September 2022.			
	Records of staff training for Site Procedures and Risk Assessments are maintained by the VSM. These include, Fire Procedure, Medical Emergency Procedure, Extreme Weather Policy and Procedure, Missing Child/Lost Child Procedure, Mobile Scooter Loan Procedure, Security Procedure, Aggressive Behaviour from Public Procedure and Selling Alcohol Procedure. A review of the forms revealed that staff have signed up to the procedures.			
	The Centre has an Incident/Accident Report form with a guidance for completion.			
	For all purchases of stock items an electronic purchase order must be raised on the Exchequer system. The Supervisor generally raises the orders and these are approved electronically by the VSM. The VSM can also raise purchase orders but these are approved by the Retail Manager. The orders are electronically receipted on the system when the foods or services have been received. The invoices generally come with the stock items and these are scanned into the system and linked to the purchase order where the Finance Department can access and pay accordingly subject to the value agreeing with the purchases order.			
	The Site Administrator, Supervisor and VSM have each been issued with Welsh Procurement Card (credit cards). Each month, on a receipt of the statement, the credit card holder completes a Monthly Expenditure Control Sheet listing each item of expenditure and the budget code which is sent electronically to the Finance Department with receipts. The VSM authorises the Monthly Expenditure Control Sheet for the Supervisor and the Site Administrator and the Director of Countryside, Community and Visitor Services authorises for the VSM. A sample of the Monthly Expenditure Control Sheets was reviewed and each Monthly Expenditure Control Sheet was appropriately authorised with receipts to support the expenditure incurred.			

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
	<p>Bookings for the admission and events at the centre can be made on-line. The bookings appear in a central database so that the Centre staff can see bookings and can ensure the right number of resources are available during the day. The Site Administrator picks up the bookings from database, many of which relate to school visits, some of which book directly on-line and these are controlled by the Finance Department in Head Quarters. For those bookings not paid for at the time of booking, the Site Administrators review the database and invoice schools that require an invoice. Some schools pay on the day of the visit by cash or cheque and these are rung through the till and entered on weekly summary as "Schools".</p>			



Internal Audit

FINAL

Pembrokeshire Coast National Park Authority

Summary Internal Controls Assurance (SICA) Report

2022/23

October 2022

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 26th October 2022.

Emerging Governance, Risk and Internal Control Related Issues

2. Corporate social responsibility (CSR) refers to the self-imposed responsibility of businesses to society in areas such as the environment, the economy, employee well-being, and competition ethics. Many businesses use internal CSR regulation as a form of moral compass to positively influence the ethical development of their business.

Traditionally, CSR was viewed as something only large businesses practiced. In the past, simply having a CSR intention in place was already enough for a business to be recognised as socially responsible, even if the idea of social responsibility did not influence the business model or the production processes. In today’s market however, businesses of all sizes are increasingly held responsible for their social and environmental impact by their customers. And because every business is part of a value/supply chain consisting of other businesses, when they advocate for sustainability, ethical practices, and generosity, this creates a positive ripple effect on all stakeholders.



Audits completed since the last SICA report to the Audit Committee

3. The table below sets out details of 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
Payroll and Expenses	Substantial	6 th October 2022	24 th October 2022	24 th October 2022	-	-	2	1
Visitor Centres & Cafes - Castell Henllys	Reasonable	5 th October 2022	19 th October 2022	27 th October 2022	-	3	6	1

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

Progress against the 2022/23 Annual Plan

5. Our progress against the Annual Plan for 2022/23 is set out in Appendix A.

Changes to the Annual Plan 2022/23

6. There are no areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2022/23.

Progress in actioning priority 1 recommendations

7. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.

Root Cause Indicators

8. 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 2 (2021/22)	Qtr 4 (2021/22)	Qtr 2 (2022/23)	Qtr 4 (2022/23)	Medium term Direction of Travel	Audit Observation
Directed						
Governance Framework	67% (2)	19% (4)	27% (3)		↑	The percentage has increase but the number of recommendations has decreased
Risk Mitigation			-		↔	
Control Compliance	33% (1)	67% (14)	73% (8)		↑	The percentage has increased but the number of recommendations has decreased
Delivery						
Performance Monitoring	-	-	-		↔	
Sustainability	-	-	-		↔	
Resilience	-	-	-		↔	

Frauds/Irregularities

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

Other Matters

10. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report. The actions taken by Pembrokeshire Coast National Park Authority are summarised below:

Action taken by Pembrokeshire Coast National Park Authority in response to Alerts issued by TIAA

Briefing Note
Internal Audit: Untapped Potential
Increase in rising cost of living related crime
Rise in Environmental, Social and Governance and supply chain fraud
Anti-Crime (Fraud Alert)
Payment Terminal Machines
Council Tax Rebate Scam
Scam texts regarding Omicron contact and booking a PCR test
Mandate Fraud
WhatsApp Smishing Scam
Increase in rising cost of living related crime
Mandate Fraud – fraudsters purporting to be from Mitie
Procurement Fraud
Worker sues hospital over data breach


Responsibility/Disclaimer


11. 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.


Progress against Annual Plan

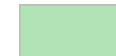
System	Planned Quarter	Current Status	Comments
Board Assurance Framework - Advisory	2		Deferred to Q4 at the request of Management
ICT Disaster Recovery	2		Deferred to Q4 at the request of Management
Safeguarding	2	Site work completed	
Visitor Centres & Cafes - Castell Henllys	2	Final Report Issued	
Performance Management	4		
Payroll and Expenses	4	Final Report Issued	Brought forward to replace ICT Disaster Recovery
Conservation Management Schemes	4		
Follow-up	4		
Annual Planning	1	Final Report Issued	
Annual Report	4		

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
There are no Priority 1 Recommendations.						

KEY:

Priority Gradings 1

1	URGENT	Fundamental control issue on which action should be taken immediately.
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Risk Mitigation

CLEARED	Internal audit work confirms action taken addresses the risk exposure.	ON TARGET	Control issue on which action should be taken at the earliest opportunity.	EXPOSED	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 Anti-Crime 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
CBN-22019	Internal Audit: Untapped Potential		<p>Action Required Audit Committees and Boards / Governing Bodies are advised to note the report.</p> <p>Link: Internal audit: untapped potential</p>
CBN-22025	Increase in rising cost of living related crime		<p>Action Required Organisations should review their current Anti-Crime arrangements and are advised to actively report all incidents of crime to their nominated Anti-Crime Specialists and the Police.</p>
CBN-22026	Rise in Environmental, Social and Governance and supply chain fraud		<p>Action Required Audit Committees and Boards / Governing Bodies are advised to note the outcome of the survey.</p> <p>Link: https://www.pwc.com/fraudsurvey</p>

Summary of recent Anti-Crime (Fraud Alerts)

Date	Subject	Status	TIAA Comments
April 2022	Payment Terminal Machines		<p>Action Required</p> <p>If you think that your organisation has been a victim of fraud, please notify your bank immediately to attempt to recover lost funds, and seek advice from TIAA Anti-Crime Specialists.</p>
April 2022	Council Tax Rebate Scam		<p>Action Required</p> <p>This alert provides information and advice to employees about fraud and economic crime, and the risks associated with it. If you think that you have been a victim of a scam, notify your bank immediately to attempt to recover lost funds. Report the scam to Action Fraud on 0300 123 2040 or at: www.actionfraud.police.uk.</p>
June 2022	Scam texts regarding Omicron contact and booking a PCR test		<p>Action Required</p> <p>This 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 cybercrime you should report it to Action Fraud by calling 0300 123 2040 or visit: https:// actionfraud.police.uk/reporting-fraud-and cyber-crime.</p>
July 2022	Mandate Fraud		<p>No Action Required</p> <p>This alert provides information and advice to employees about fraud and economic crime, and the risks associated with it. If you or your organisation has fallen victim to fraud you should report it to your Local Counter Fraud Specialist on 0800 028 4060.</p>
August 2022	WhatsApp Smishing Scam		<p>Action Required</p> <p>This 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 cybercrime you should report it to Action Fraud by calling 0300 123 2040 or visit: https:// actionfraud.police.uk/reporting-fraud-and cyber-crime.</p>
August 2022	Increase in rising cost of living related crime		<p>Action Required Not Urgent</p> <p>Organisations should review their current Anti-Crime arrangements and are advised to actively report all incidents of crime to their nominated Anti-Crime Specialists and the Police.</p>

Date	Subject	Status	TIAA Comments
September 2022	Mandate Fraud – fraudsters purporting to be from Mitie		<p>Action Required</p> <p>Check if your organisation makes any payments to Mitie and be alert to correspondence requesting a change of bank details. If you think that your organisation has been a victim of mandate fraud, please notify your bank immediately to attempt to recover lost funds, and alert your Anti-Crime Specialist.</p>
September 2022	Procurement Fraud		<p>Action Required</p> <p>This alert provides information and advice to staff about fraud and economic crime, and the risks associated with it. If you or your organisation has fallen victim to fraud you should contact your internal audit provider or follow your internal procedures for reporting fraud.</p>
October 2022	Worker sues hospital over data breach		<p>Action Required</p> <p>Ensure that staff details and medical history are respected and treated in the same manner as if it were a patient or other confidential information and issue a reminder to all staff members advising of the above breach.</p> <p>Ensure that all documents contain only the information that is necessary and do not include additional confidential information that may be inadvertently shared with colleagues.</p> <p>Ensure that staff know policies and procedures on how to raise a personal data breach and that systems on how to do this are clear and easily accessible.</p>