

**REPORT OF THE INTERNAL AUDITOR**

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**SUBJECT: INTERNAL AUDIT REPORT 2016/17**

This report summarises the outcome of work completed by the Authority's Internal Auditors against the 2016/17 operational audit plan approved by the Authority's Audit and Corporate Services Review Committee. It incorporates cumulative data in support of internal audit performance and how our work during the year feeds in to our annual opinion.

The internal audit service reviewed a number of areas during the year:

- Information Governance Health Check
- Key Financial Controls – Procurement & Creditors
- Departmental Review- Support Costs
- Business Continuity
- Performance Management
- Planning Fees

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.

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

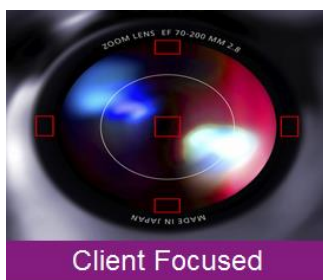
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**Pembrokeshire Coast National Park Authority**

**Internal Audit Annual Report**

**Year Ended 31 March 2017**



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## 1. INTRODUCTION

- 1.1 The purpose of internal audit is to provide the Authority, Audit & Corporate Service Review Committee, the Chief Executive and management of the Pembrokeshire Coast National Park Authority with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Authority's agreed objectives. Internal audit also has an independent and objective consultancy role to help management improve risk management, governance and control.
- 1.2 The results of our internal audit work form part of the framework of assurances that the Authority receives and should be used to assist the Authority prepare informed governance and internal control statements.
- 1.3 Internal audit work for the period from 1 April 2016 to 31 March 2017 was carried out in accordance with the Annual Audit Plan approved by the Audit & Corporate Service Review Committee.
- 1.4 The plan was constructed in such a way as to allow a statement of the adequacy and effectiveness of the Authority's risk management, control and governance processes based upon the reviews undertaken as part of an Internal Audit Strategy covering three years.
- 1.5 Our risk based methodology and working practices are compliant with the Public Sector Internal Audit Standards (PSIAS) 2013, the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) 2013 and specifically in relation to local government the CIPFA Code of Practice (COP) for Internal Audit in Local Government. These standards are adopted insofar as they are applicable to you as a client.

## 2. PLANNED COVERAGE & OUTPUT

- 2.1 The Audit & Corporate Service Review Committee agreed to an input of 25 days of internal audit coverage in the year.
- 2.2 The planned reviews approved by the Audit & Corporate Service Review Committee, the planned number of days and the actual time against each are shown in Appendix A and shows that the plan was completed within the resources available.
- 2.3 Our audit assignments were undertaken over two visits, one in July 2016 and another in November 2016, as agreed with management and we are grateful for the co-operation which we received from those managers and staff that were involved with the audit process.

## 3. MANAGEMENT ACTION ON RECOMMENDATIONS

- 3.1 Based on the results of our follow up work, management responses and agreed implementation plans we believe that management have taken or planned appropriate and timely action to implement recommendations.

## 4. OPERATIONAL ASSURANCE

- 4.1 The internal audit service reviewed a number of areas during the year:
  - Information Governance Health Check
  - Key Financial Controls – Procurement & Creditors
  - Departmental Review- Support Costs
  - Business Continuity
  - Performance Management
  - Planning Fees

4.2 From these examinations, taking into account the relative risk of the business areas the internal audit service has formed the following conclusions (good, adequate or weak) regarding the policies, procedures and operations in place to:

- |   |          |
|---|----------|
| ▪ Establish and monitor the achievement of the Authority's objectives:  | Good     |
| ▪ Identify, assess and manage the risks to achieving the Authority's objectives:  | Adequate |
| ▪ Advise on, formulate, and evaluate policy, within the responsibilities of the Chief Executive:  | Good     |
| ▪ Ensure economical and efficient use of resources:   | Good     |
| ▪ Ensure compliance with the Authority's policies, procedures, law and regulations:   | Good     |
| ▪ Safeguard the Authority's assets and interests from losses of all kind including those from fraud, irregularity and corruption:                 | Good     |
| ▪ Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes: | Adequate |

## 5. OVERALL ASSURANCE

5.1 As the internal audit service provider to the Pembrokeshire Coast National Park Authority, we are required to provide the Authority and the Chief Executive with a statement on the adequacy and effectiveness of the Authority's risk management, control and governance processes.

5.2 In giving an opinion it should be noted that assurance can never be absolute. The most that the audit service can provide to the Authority is a reasonable assurance there are no major weaknesses in the Authority's risk management, control and governance processes.

5.3 In assessing the level of assurance to be given, the following have been taken into account::

- All audits undertaken during 2016/17;
- Any follow-up action taken in respect of audits from previous periods;
- Significant recommendations not accepted by management and the consequent risks;
- The effects of any significant changes in the Authority's objectives or systems;
- Matters arising from previous reports to the Authority;
- Any limitations which may have been placed on the scope of internal audit;
- The extent to which resources constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the Authority;
- What proportion of the Authority's audit need has been covered to date; and
- The results of work performed by other assurance providers including the work of the financial statement auditors and inspection (if applicable).

5.4 At the date of issue of this report the Financial Statement Auditor's Final Audit Opinion and External Audit Management Letter for 2016/17 have not been published. We reserve the right to amend our annual opinion as a result of these further sources of assurance once issued.

## 6. OPINION

6.1 We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the Authority's risk management, control and governance processes.

6.2 Overall in our opinion, based upon the reviews performed during the year, the Pembrokeshire Coast National Park Authority:

- has adequate and effective risk management;
- has adequate and effective governance; and
- has adequate and effective control processes.

## APPENDIX A – SUMMARY OF AUDIT OUTCOMES

**2016/17**

Audit Area	Progress	Overall Opinion	Plan Days	Actual Days	Recommendations Made				
					F	S	MA	Total	Agreed
<b>Block 1</b>									
1. Information Governance Health Check	Final	Adequate	3	3	0	1	5	6	6
2. Key Financial Controls- Procurement & Creditors	Final	Substantial	3	3	0	0	1	1	1
<b>Block 2</b>									
3. Departmental Review- Support Costs	Final	Advisory	5	5	0	0	0	0	0
4. Business Continuity	Final	Adequate	4	4	0	3	3	6	6
5. Performance Management	Final	Adequate	3	3	0	1	3	4	4
6. Planning Fees	Final	Substantial	2	2	0	0	1	1	1
7. Follow Up	Final		1	1	-	-	-	-	-
<b>Management</b>									
Audit Management	-	-	4	4	-	-	-	-	-
<b>TOTAL</b>			<b>25</b>	<b>25</b>	<b>0</b>	<b>5</b>	<b>13</b>	<b>18</b>	<b>18</b>

## APPENDIX B – SUMMARY OF MAIN FINDINGS

Ref	Recommendation
<b>INFORMATION GOVERNANCE HEALTH CHECK</b>	

1. PCNPA should update and approve revised information security policies and procedures as a matter of urgency. The opportunity should also be taken to consider alignment with the policies and procedures with those of Brecon National Park authority (BBNPA) ensuring that they are standardised on best practice.

**Priority: Significant**

### **BUSINESS CONTINUITY**

1. **Fully populate documents.**

We recommend that all the BCP and ICT disaster recovery schedules are fully populated with names and contact numbers for all stakeholders including external service providers.

**Priority: Significant**

2. **Business Continuity Champion to be introduced.**

We recommend that the Authority introduce a Business Continuity Champion to facilitate the plan should an incident occur. This will usually be a senior staff member, although not usually the Chief Executive as they may be preoccupied with external stakeholders and media updates. On an annual basis, the BC Champion should present a paper to the Authority commenting on any issues that have arisen in the area.

**Priority: Significant**

3. **Rehearsal and Testing.**

We recommend that on completion of a finalised BCP, the Authority test the processes involved within the plan, including the external provider's response, in line with their testing strategy mentioned within the plan and report any lessons learnt from the exercise to the Leadership Team.

**Priority: Significant**



## PERFORMANCE MANAGEMENT

### 1. Guidance

We recommend that the Authority creates guidance to assist potential new staff members and also to act as a contingency method.

**Priority: Significant**

## APPENDIX C – PERFORMANCE INDICATORS YTD

### Report Turnaround

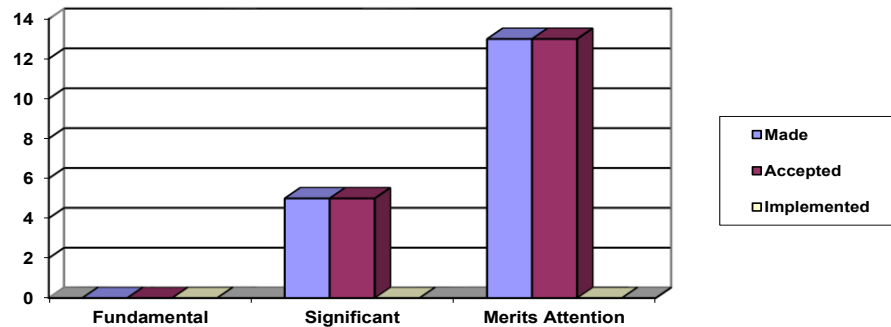
Performance Indicator	Target	Actual	Comments
Draft report turnaround (average working days)	10 days	9.5 days	
Final report turnaround (average working days)	5 days	5 days	

### Resources

Performance Indicator	Annual	Actual	Comments
Number of Audit Days	25	25	
Audit Fee	Within Budget	Within Budget	
Head of Internal Audit	14%	25%	
Specialist / IT Auditor Input	12%	12%	
Audit Supervisor	44%	41%	
Auditor	30%	22%	

### Recommendations

#### Made, Accepted & Implemented



#### Analysis of Priority

