REPORT OF THE INTERNAL AUDITOR

SUBJECT: INTERNAL AUDIT REPORT 2017/18

The report is the outcome of work completed against the Block 1 of the 2017/18 operational audit plan previously approved by the Authority's Audit and Corporate Services Review Committee

The internal audit service reviewed the following area:

- Safeguarding
- Key Financial Controls – Payroll & Expenses
- Human Resources
- Grant Income

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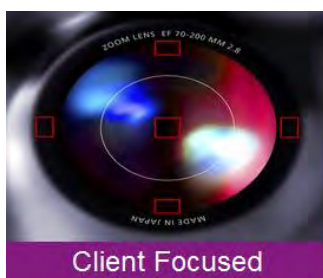
.**Recommendation: Members are asked to NOTE and COMMENT on this report**

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

Pembrokeshire Coast National Park Authority Internal Audit Report

Block 1 2017

Client Focused

Providing Guidance

Driving Forward

Clear Assurance

CONTENTS

CONTACT DETAILS – MANAGEMENT TEAM

Team Member	Role	Mobile	Email
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INTRODUCTION

OPERATIONAL AUDIT PLAN

1.1 This report summarises the outcome of work completed to date against the operational audit plan approved by Authorities Audit and Corporate Services Review Committee and incorporates cumulative data in support of internal audit performance and how our work during the year feeds in to our annual opinion.

1.2 The sequence and timing of individual reviews has been discussed and agreed with management to ensure the completion of all audits within the agreed Internal Audit Strategy 2017/18; the current planned schedule is shown in Appendix C.

1.3 In brief the areas subject to audit on this occasion and the result of those audits are as follows:

Audit Area	Opinion	Recommendations				
		F	S	MA	Total	Agreed
Safeguarding	Substantial	0	0	0	0	0
Key Financial Controls – Payroll and Expenses	Substantial	0	0	0	0	0
Human Resources	Substantial	0	0	3	3	2
Grant Income	Substantial	0	0	3	3	3

1.4 We would like to take this opportunity to thank all members of staff for their co-operation and assistance during the course of our visit.

1.5 The results of each audit are reported through the Executive Summary and agreed Action Plan contained within **Appendix A**. A Summary of Opinions and Recommendations is shown as **Appendix B** and progress against the Operational Plan is detailed at **Appendix C**.

STANDARDS

1.6 We have performed our work in accordance with the principles of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) in so far as they are applicable to you our client. Our working papers are available for inspection.

QUERIES

1.7 Should any recipient of this report have any queries over its interpretation or content they should contact the client engagement director either directly or through the client contact as appropriate and we shall be happy to discuss the assignments and provide any detail or explanations necessary.

SCOPE & BACKGROUND

1.8 We have reviewed each area in accordance with the scope and objectives agreed with management prior to our visit. Appendix A provides detail of the scope of our work; our conclusions regarding the level of assurance that can be provided and where appropriate the agreed Action Plan to be implemented by management to remedy potential control weaknesses.

1.9 Our approach was to document and evaluate the adequacy of controls operating within each system. For each system the key controls operated by management were assessed against the controls we would expect to find in place if best practice in relation to the effective management of

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risk, the delivery of good governance and the attainment of management objectives is to be achieved. Where applicable, selected and targeted testing has been used to support the findings and conclusions reached.

1.10   We report by exception and only highlight those matters that we believe merit acknowledgement in terms of good practice or undermine a system's control environment and which require attention by management.

AUDIT OBJECTIVE & OPINION

1.11   The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice.   The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

1.12   Our opinion is based upon the control framework (as currently laid down and operated) and its ability to adequately manage and control those risks material to the achievement of the organisation's objectives for this area.   We provide our opinion taking account of the issues identified in the Executive Summary and Action Plan.

Overall Opinion

1.13   Each Executive Summary provides an overall assessment of our findings for each system reviewed and provides an opinion on the extent to which management may rely on the adequacy and application of the internal control system to manage and mitigate against risks material to the achievement of the organisation's objectives for each area.

Conclusion on the Adequacy of Control Framework

1.14   Based on the evidence obtained, we conclude for each area upon the design of the system of control, and whether if complied with, it is sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives for the system.

Conclusion on the Application of Controls

1.15   Based on the evidence obtained from our testing, we conclude for each area upon the application of established controls.

Recommendation Grading

1.16   Recommendations are graded on a scale of Fundamental, Significant or Merits Attention; **Appendix E** provides further explanation.

VALUE FOR MONEY

1.17   Where value for money issues are identified as a result of our work the corresponding recommendation will be annotated with **VFM** in the bottom right hand corner. This is used to identify recommendations which have potential value for money implications for the organisation or which indicated instances of over control.

PREVIOUS AUDIT RECOMMENDATIONS (FOLLOW UP)

1.18   Where a previously updated audit recommendation remains outstanding at the time of our review and the original implementation date has passed the corresponding recommendation within Appendix A will be annotated with **PAR** in the bottom right hand corner.

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EXECUTIVE SUMMARY

FINDINGS & CONCLUSIONS

2.1   The results of our visit to Pembrokeshire Coast National Parks Authority (PCNPA) are summarised in this section of the report and are considered in relation to each area reviewed.

2.2   The extent of comment in relation to each audit area is restricted deliberately so as to highlight the key issues that we believe need to be drawn to the attention of the Audit and Corporate Service Review Committee and management and are supported by a more detailed analysis of each review that is contained as Appendix A to this report.

Safeguarding

2.3   Safeguarding is an area of current significant focus throughout the United Kingdom. Due to the nature of the services provided by the National Park it is essential that the controls in place within this area are significantly robust to mitigate any potential issues. The Authority has put in place a Safeguarding Guidance document which is given to all staff members at the start of their employment and is available on the intranet for all staff and members to access at any time. A review of the document confirmed that it covers all the expected areas in sufficient detail to make the user fully aware of their responsibilities in this area. The Authority has in place a Lead Safeguarding Officer and a Safeguarding Panel consisting of 3 senior post holders.

2.4   Within the safeguarding document, the Authority has identified all roles and the level of safeguarding training /cover that each role would be expected to have. All the roles are fully detailed and explain why the requirement of enhanced screening is required. The document sets out its requirements for all areas of the Authority including volunteers and part time staff.

2.5   All new employees to the National Park are required to go through a 4 stage process, prior to starting their role, which it is hoped goes some way to mitigate any safeguarding issues which may arise. The four stages are as follows:

- Completion of an application form
- Collection of at least 2 references (which have been confirmed)
- A face to face interview; and
- Where required a DBS Check.

In addition to the process above, on the first day of employment the Safeguarding lead officer contacts the employee by email setting out their responsibility in respect of safeguarding and the expectations of the Authority in this regard. As part of our audit fieldwork it was confirmed that a database of DBS checks performed was retained by the Authority and identifies where the DBS checks have been carried out.

2.6   Discussions with the Safeguarding Lead Officer confirmed that every staff member of the Authority is expected to have a basic knowledge and understanding of safeguarding issues. Training is split into two main areas; basic training, level 1 and enhanced training, level 2. All staff members and volunteers whose role warrants the enhanced training is expected to complete the level 2 training, which also includes the Safeguarding panel whose provide the Authority's ultimate forum for issue discussion. If the issue is found to be of a greater importance then external agencies, such as the Pembrokeshire Council or Police force will be made aware and may be involved in any further action. Consideration is currently being given to move the safeguarding training and testing onto an electronic format, through an e-learning platform.

2.7   The Safeguarding document provides a detailed section on the reporting and potential

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whistleblowing procedures that are in place within the Authority. These are in addition to the standard whistleblowing policy which currently is in existence within the Authority. There have currently been no issues for this process to be used at the present time.

2.8   Overall the communication of the safeguarding requirements and the embedding of the same into the Authority was considered good. In addition to the detailed documentation and tight recruitment process additional wallet/ purse sized pamphlets have been produced so that all staff can carry the main points of the safeguarding area around with them. This is a new initiative but clearly shows how the Authority are attempting to keep the Safeguarding issues in the forefront of staff members minds. At full staff meetings any updates in the area are passed onto the staff as appropriate.

> Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

Key Financial Controls – Payroll and Expenses

2.9   The Authority has a range of policies and procedures in place in respect of the payroll and expenses facility, this covers a range of tasks including Payroll, Expenses, Timesheets and running a costings report. The Authority also has a clear concise timetabling document for processes related to payroll and expenses which was evidenced by the Payroll Manager. Email reminders are sent to relevant staff informing them of the upcoming deadlines which is also clearly stated within the timetabling document.

2.10   The Authority uses Carmarthenshire County Council as a Payroll Bureau and the service level agreement stating the responsibilities was evidenced by the Payroll Manager. The current process involves the Payroll Manager inputting data into the system for Carmarthenshire County Council to then create reports which are sent to the Authority in a timely manner, usually the same or next working day after the data has been inputted. This ensures that the payroll department within the Authority have ample time to conduct thorough checks of the reports prior to approval being given to Carmarthenshire County Council to authorise the payment run.

2.11   The Authority conducts payroll report checks twice a year. This involves the staff on the payroll list being split into departments, the relevant team managers are then responsible for ensuring that the staff on their areas list are genuine employees within the organisation and that the individuals' details are correct. This activity provides further assurance that the Authorities payroll contains only genuine staff and the wages are paid correctly.

2.12   During the audit sample testing was conducted to check that the processes and controls within the payroll system are adequate for the needs of the Authority. The results showed no areas for concern. The testing covered a range of areas including ensuring that starters and leavers are correctly added or removed from the payroll system, this area was considered appropriate for the size and nature of the Authority and evidence into the manual calculation of wages and verification checks by another staff member were shown. The testing also proved that when employees request personal information changes either via email or the HR system the payroll department then changes this information in a timely manner.

> Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

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Human Resources

2.13   Initial discussions with the Personnel Manager confirmed that the structure of the Human Resources team had recently changed. Currently there are three staff in the team all who work on a part time basis equating to approximately 1.6 FTE.

2.14   The Personnel Manager is responsible for the management of the Human Resources function which is clearly stated within the job description. A staff handbook is in place within the Authority; this was developed by the Human Resources team, and is currently accessible to staff online and via the Parcnet system. The handbook contains a range of policies and procedures which are currently updated as and when required, a recent example of this was the smoking policy which was updated to include vaping. We recommend that the policies included in the staff handbook are reviewed in a more formalised manner on a timely basis. This will ensure that all policies are still relevant to the Authorities requirements.

2.15   All new starters receive an induction at the Authority, and complete an induction checklist supervised by the Personnel Manager. The checklist was last updated 2012. We recommend that the Authority review the document to ensure that all parts are still relevant to the organisations' needs, furthermore a brief section containing contact details for major staff could also be added to ensure all staff are aware of important contacts, this will be especially useful for staff not based at Head Office.

2.16   Currently the Human Resources department does not publish any independent reports which are viewed by senior managers or committee. We acknowledge that a number of HR related statistics are published in the Authorities Health & Safety report.

2.17   It was established during the audit that the personnel manager has job descriptions for the roles when they are initially vacant. However as stated on the Authorities job descriptions 'Job roles evolve and vary over time, and therefore this job description will be reviewed and updated as appropriate, normally at annual appraisal'. We believe that when any changes are made by managers they should then send a revised copy of the updated job description to the Personnel Manager. This will provide a current database of all job descriptions.

> Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

Grant Income

2.18   As national funding for the National Parks is consistently under pressure, the income that can be generated from Grants takes on a greater significance. From the Gateway Assure benchmarking exercise earlier in the year it showed that smaller National Parks could place greater focus on grant income maximisation. The Authority have in place a procedural document relating to how grant income should be processed and controlled within the Park.

2.19   Discussions were held with the Discovery Team Leader on how opportunities for potential grants were identified and sourced. There is no current formal plan or process through which future grants are identified within PCNPA. It was confirmed that most of the grants in place were from the national bodies which are known provide funding such as the National Lottery. In addition to this, each area lead is expected to build a network of contacts within their field, using "word of mouth" and social media are currently considered as good a method as any to identify funding opportunities, recognising that networking within the National Parks sector is likely to bring awareness of where others have been succesful. We have recommended that a register of these contacts be developed

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to provide future reference of potential funding opportunities. Discussions with the Chief Executive did inform us that recent appointments to the Authority have come from the commercial sector and have good networks offering potentially greater exploitation in the future. We have also recommended that the Authority consider introducing a series of generic objectives to provide a "goal" against which the grant income can be monitored and assessed.

2.20   Once a grant has been identified it is then added to the Grant log spreadsheet. This is a spreadsheet held within finance identifying the organisation that is making the grant, the Park's Lead Officer who is responsible for controlling the grant and the timeline for the tranche of funding over the life of the grant. The spreadsheet covers all the grants including the Government grants received on an annual basis.

2.21   In support of the spreadsheet, the Finance team retain supporting documentation for each of the grants that have been received. All grants have to have a completed grant notification form attached which is signed by a senior staff member from the Finance team. In addition when reports are written to support a claim, copies of these reports are also included in the file. A sample of 5 grants from the spreadsheet were reviewed against the supporting documentation and it was confirmed that all the supporting documentation was in place to verify the financial information on the spreadsheet.

2.22   Discussions with the Finance Assistance whose responsibility is to keep the grant spreadsheet updated and identify when the next tranche of monies are due from certain grants, confirmed that reporting on the grant income consisted of sending a copy of the grant spreadsheet to the Senior Leadership Team. We have recommended that on a quarterly basis a more formal report is prepared looking at potential trends and expectations of future grant income and presented to the Audit and Corporate Service Review Committee.

> Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

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APPENDIX A1 – GW 01/18 SAFEGUARDING

Management Objective:	The Authority fulfils its responsibilities for safeguarding regarding children and vulnerable adults through development of appropriate policies and procedures.
Responsible Officer:	Graeme Peake – Discovery Team Leader

Risk areas for consideration:
1. The Authority does not have in place appropriate safeguarding policies and procedures to protect children and vulnerable adults.

Limitations to scope:
No limitation of scope

Overall opinion:	Substantial	Adequacy of control framework:	Good
		Application of control:	Good

Main Recommendations	Priority	Management Response	Implementation Plan
No issues were identified as a result of our audit fieldwork on this occasion which we consider of significance to warrant a formal recommendation. However further items may be identified within the Executive Summary for the specific area.		Accepted The safeguarding group/panel for the Authority will continue to ensure that the risks relating to safeguarding are given a high profile, particularly amongst staff, volunteers and participants who are considered most at risk.	
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

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APPENDIX A2 – GW 02/18 KEY FINANCIAL CONTROLS – PAYROLL AND EXPENSES

Management Objective:	Management of payroll and expenses ensures that only bona-fide payments are made in an accurate and timely manner; including new starters, amendments, deductions, leavers and exceptional payments.		
Responsible Officer:	Richard Griffiths – Finance Manager		

Risk areas for consideration:

1. The National Park fails to suitably control payments made via the payroll system; resulting in erroneous or fraudulent payments and the potential for financial loss.

2. Reporting fails to facilitate the effective management of the National Park's largest area of expenditure and provides opportunity to hide 'ghost' employees, leavers or errors.

Limitations to scope:

Testing will be undertaken on a sample basis and is not necessarily sufficient to identify all weaknesses or errors that may exist. We will not personally verify the existence of employees and therefore that 'ghost' employees do not exist within the Payroll system.

Overall opinion:	Substantial	Adequacy of control framework:	Good
		Application of control:	Good

Main Recommendations	Priority	Management Response	Implementation Plan
No issues were identified as a result of our audit fieldwork on this occasion which we consider of significance to warrant a formal recommendation. However further items may be identified within the Executive Summary for the specific area.			
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

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APPENDIX A3 – GW 03/18 HUMAN RESOURCES

Management Objective:	The HR role provides for effective recruitment, induction, supervision, apprasial and development of staff to achieve job roles and therefore contribute towards succesful achievement of corporate objectives.
Responsible Officer:	June Skilton – Personnel Manager.

Risk areas for consideration:

1. The Authority does not have in place an appropriate HR Officer and supporting HR function.

2. Performance of individuals does not meet expectations of job role.

Limitations to scope:

No limitation of scope

Overall opinion:	Substantial	Adequacy of control framework:	Good
		Application of control:	Good

Main Recommendations	Priority	Management Response	Implementation Plan
1. **Formalised Policy Review Process** We recommend that the policies included in the staff handbook are reviewed in a formal and on a timely basis.	**MA**	Accepted This is an existing current responsibility in a team post's job description but work pressure means it has not been a priority recently	**Responsibility: JS** **Target date: Dec2017**
2. **Update of Induction Checklist** We recommend that the Authority update the induction checklist to fully reflect current expectations.	**MA**	Accepted Need for update was identified and was commenced in 2016 but completion delayed by work pressure	**Responsibility: JS** **Target date: Oct2017**
3. **Job Description Control** We recommend that any changes made by managers on job descriptions should then be sent to the Personnel Manager.	**MA**	Not accepted - the Personnel Manager has no way of monitoring or ensuring that managers do this and therefore cannot be sure that any central directory is up-to-date. Previous attempts to do	**Responsibility:** **Target date:**

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		this have failed. We expect to be in position in medium term to use Pobl y Parc for documents, this will mean that one version of a jd is stored in one place accessible to manager, employee and HR.	
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

APPENDIX A4 – GW 04/18 GRANT INCOME

Management Objective:	National Park considers availability of grant funding in a way as to maximise its availability as a contribution to delivery of corporate objectives and effectively manages its application.
Responsible Officer:	Richard Griffiths - Finance Manager

Risk areas for consideration:

1. The Authority fails to maximise the benefit of its access to potential grant funding.

2. Grant monies are not spent (or underspent) in accordance with grant conditions.

Limitations to scope:

Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist. The review will only cover those areas of risk stated above and will not seek to verify the current financial position.

Overall opinion:	Substantial	Adequacy of control framework:	Good
		Application of control:	Good

Main Recommendations	Priority	Management Response	Implementation Plan
1. Grant Income Objectives We would recommend that the Authority consider introducing a set of objectives in respect of Grant Income to provide a benchmark for Managers to try and achieve, which can be measured through performance monitoring. We acknowledge that to set a specific target may be difficult, but a general statement highlighting responsibility and need to maximize income where possible could provide a good base point.	**MA**	Partially accept. Where and when grants are available it makes good sense for managers to make bids for the funding opportunities. However given the unpredictability of grant funding it is questionable to set targets for grant income which if they fail to materialise could lead to budget deficits. The Authority is currently recruiting a Fundraising Manager whose primary duty will be to generate alternative sources of income including grant income opportunities. It is anticipated Managers will assist in the grant	**Responsibility: RG** **Target date:** **Autumn 2017**

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	MA	application process and this will potentially provide greater resources.	
2. **Summary Grant Income Report** We would recommend that on a quarterly basis a summary report is produced and presented to the Finance Committee to indicate the current levels of grant income and any expected income in the future should criteria be met.	**MA**	Accept.	**Responsibility: RG** **Target date: Summer 2017**
3. **Funding Source Register** We recommend that where potential for grant funding is identified the source is listed to provide a register for use in future periods by other staff when seeking funding.	**MA**	Partially accept. There already exits a central register for grants and this will be distributed across the Authority's Leadership Team	**Responsibility: RG** **Target date: Immediately.**
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

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APPENDIX A5 – GW 00/18 FOLLOW UP

Management Objective:	Management take timely and appropriate action to implement accepted recommendations and accurately report progress to Audit & Corporate Service Review Committee.
Responsible Officer:	Richard Griffiths – Finance Manager

Areas for consideration:

Our Internal Audit Strategy includes provision for the follow up of previously accepted recommendations to assess the level of implementation and provide assurance over management's own recommendation tracking and subsequent reporting. The audit areas subject to follow up on this occasion were:

1. Risk Management 2015
2. Information Governance Health Check 2016
3. Key Financial Controls – Procurement and Creditors 2016
4. Business Continuity 2016
5. Performance Management 2016
6. Pre-application Planning Fees

Staff members responsible for the implementation of recommendations were interviewed to determine the current status of each point. Audit testing has been completed, where appropriate, to assess the level of compliance with this status and the controls in place.

We report the detail of our follow up work by exception where previously agreed recommendations have not been fully implemented. The recommendations listed in the following table remained outstanding at the time of our review and require continued monitoring through to completion.

Limitations to scope:
The review was limited to the follow up of internal audit recommendations.
The review did not include recommendations made in previous years where an audit of the area is included within the audit plan for 2016 and recommendations are planned to be followed up as part of that review. Any such outstanding recommendations are included in the applicable Appendix A and annotated by the PAR indicator.

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Audit Area:	Risk Management				
Audit Date:	2015				
Recommendation	Priority	Status	Latest Update		Required Action(s) / Recommendations
Risk Management Strategy We recommend the following improvements: ☐ Update Strategy document to reflect current practice and responsibilities. ☐ Develop criteria to inform the scoring of both Probability and Impact within the Risk Register; for example what constitutes Impact – Minor, Moderate or Severe.	MA	Agreed, but not a priority Difficult to specify criteria for the nature of most of our risks. Not everything has clear financial value. Senior Manager assigned to this recommendation has now left the Authority, per Chief Executive still not completed and to be completed	Responsibility: Richard Griffiths Target date: April 2017 Due to the change in personnel this recommendation is still in progress		Responsibility: Richard Griffiths New Target date : December 2017

Audit Area:	Information Governance Health Check				
Audit Date:	Block 1 2016				
Recommendation	Priority	Status	Latest Update		Required Action(s) / Recommendations

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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.	**MA**	Agreed. This has been a stated intent of the two Authorities even prior to the current IT management job share arrangements but has not been progressed due to capacity and competing priorities.	Responsibility: P Funnell Target date: 31 March 2017 Draft document has been prepared which aligns the two National Park Authorities. Document current pending a review in July 2017	Responsibility: P Funnell New Target date: 30 September 2017
There should be a more formal approach to Data Protection training for all members of staff through newsletters or use of the internal intranet.		Review by Performance and Compliance Officer to feed into 2017-18 training Plan	Responsibility: Performance and Compliance Officer Target date: End 2017 This has all been combined with the exercise carried out in the recommendation above. With approval expected by September 2017 the training is expected by the calendar year end.	Responsibility: P Funnell New Target date: 31 December 2017
Home working is at a relatively low level and has yet to be formalised but it would benefit from incorporating two factor authentication which would provide a greater level of security.		Costs of incorporating two factor authentication will be investigated and weighed against the risk	Responsibility: P Funnell Target date: 31 Dec 2016 This has been combined with the aligning of the two Authorities, and decision is currently pending.	Responsibility: P Funnell New Target date: 30 September 2017

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		exposure of not having it in place.		
The basic good practice of a clear desk policy has not been universally enforced across the authority and all members of staff should be advised of the need to ensure that items of a personal or sensitive nature are locked away when not in use.		As for point 2	Responsibility: P Funnell Target date: 31 Dec 2016 This is currently subject to review with a decision expected in September 2017.	Responsibility: P Funnell New Target date: 30 September 2017
Although backup copies are taken and stored in an acceptable manner it may be practical as a cost saving exercise to look to the storage of backup copies on a reciprocal arrangement with BBNPA.		Agreed. Discussions are already underway to pursue this option.	Responsibility: P Funnell Target date: 31 March 2017 Closer links are being explored with BBNPA. It is expected that the process will be fully implemented by December 2017	Responsibility: P Funnell New Target date: 31 December 2017

Audit Area:	Business Continuity			
Audit Date:	Block 2 2016			
Recommendation	Priority	Status	Latest Update	Required Action(s) / Recommendations
Fully populate documents. We recommend that all the BCP and ICT disaster recovery schedules are fully	S	Agreed	Responsibility: TJ Target date: 2017	New Target Date December 2017

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populated with names and contact numbers for all stakeholders including external service providers			Group has been set up. They are still to hold their first meeting. On the agenda is to fully populates the documents	
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.	**S**	Partially agreed. We believe adopting a strategy which is a piecemeal / ad hoc one rather than a comprehensive full test is best suited to the organisation.	Responsibility: Business Continuity group Target date: end 2017 This recommendation has not been completed as it will form part of the work plan for the new BCP Group	New Target date June 2018
Review and update We recommend that the Business Continuity plan is reviewed and updated to include all current job holders.		Agreed.	Responsibility: PF / TJ Target date: 31 March 2017 This recommendation has not been completed as it will form part of the work plan for the new BCP Group	New Target date June 2018
Combining documentation We recommend that the Authority consider combining the BCP and ICT Disaster Recovery document, and also include the response procedures for major incidents and the staff contingency paper within one general document		Partially Agreed. We will review it as part of a general business continuity planning.	Responsibility: TJ Target date: 2017 This recommendation has not been completed as it will form part of the work plan for the new BCP Group	New Target date December 2017
Risk assessments actions We recommend that the risk assessments that have been carried out for each of the		Partially agreed. We will examine	Responsibility: Business Continuity group & Site Managers Target date: end 2017	New Target date December 2017

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separate locations are expanded to identify actions required in the event of generic incidents relating to technology risk .		property site plans to ensure that business continuity is embedded into site plans	This recommendation has not been completed as it will form part of the work plan for the new BCP Group	

Audit Area:	Performance Management			
Audit Date:	Block 2 2016			
Recommendation	**Priority**	**Status**	**Latest Update**	**Required Action(s) / Recommendations**
Performance Targets We recommend that the Authority considers reviewing targets more frequently on a schedule determined by the circumstances pertaining within that area of business.	**MA**	Partially agreed. In developing performance framework in Ffynnon we can talk to different team leaders to determine the best approach for their areas (including for example ensuring targets take into account seasonal variations.) We will need to ensure Members are aware of changes to targets and justifications for	Responsibility: Mair Thomas Target date: 2017 On-going This recommendation is still ongoing and is due to be completed by the end of 2017.	Revised Target Date: 31 December 2017

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		the changes during the year. Particularly as amending the target will impact on RAG status and could lead to areas of underperformance that Members need to be aware of during the year being missed.	

APPENDIX B – SUMMARY OF OPINIONS & RECOMMENDATIONS

Reports being considered at this Audit and Corporate Services Review Committee meeting are shown in italics. The definitions with regard to the levels of assurance given and the classification of recommendations can be found in the Notes section at the end of this report.

Audit	Progress	Opinion	Recommendations Made				
			F	S	MA	Total	Agreed
1. Safeguarding	Final Report	Substantial	0	0	0	0	
2. Key Financial Controls – Payroll and Expenses	Final Report	Substantial	0	0	0	0	
3. Human Resources	Final Report	Substantial	0	0	3	3	2
4. Grant Income	Final Report	Substantial	0	0	3	3	3
5. Departmental review - Communications							
6. Income Generation							
7. IT Health Check							
		Total	0	0	6	6	

At the moment there is nothing that impacts negatively upon our annual opinion.

APPENDIX C – OPERATIONAL PLAN 2017

Following discussions with management the following schedule has been agreed:

Block 1	Audit & Compliance		Resource (Days)		Comments
Audit	Planned	Actual	Planned	Actual	
1. Safeguarding	June 17	June 17	3	3	
2. Key Financial Controls – Payroll and Expenses	June 17	June 17	3	3	
3. Human Resources	June 17	June 17	3	3	
4. Grant Income	June 17	June 17	2	2	
Follow Up			1	1	
Management			2	2	
Total			14	14	

Block 2	Audit & Compliance		Resource (Days)		Comments
Audit	Planned	Actual	Planned	Actual	
5. Departmental Review - Communications	October 17		2		
6. Income Generation	October 17		3		
7. IT Health Check	October 17		3		
Follow Up			1		
Management			2		
Total			11		

Total 2017			25		

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APPENDIX D – PERFORMANCE INDICATORS YTD

Report Turnaround

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

Resources

Performance Indicator	Annual	Actual	Comments
Number of Audit Days	25	14	
Audit Fee	Within Budget	Within Budget	
Head of Internal Audit	18%	22%	
Specialist / IT Auditor Input	10%	0%	
Audit Supervisor	42%	48%	
Auditor	30%	30%	

Recommendations

Made, Accepted & Implemented

Analysis of Priority

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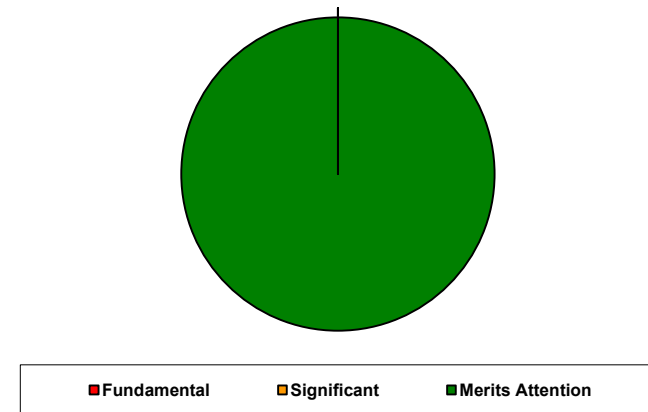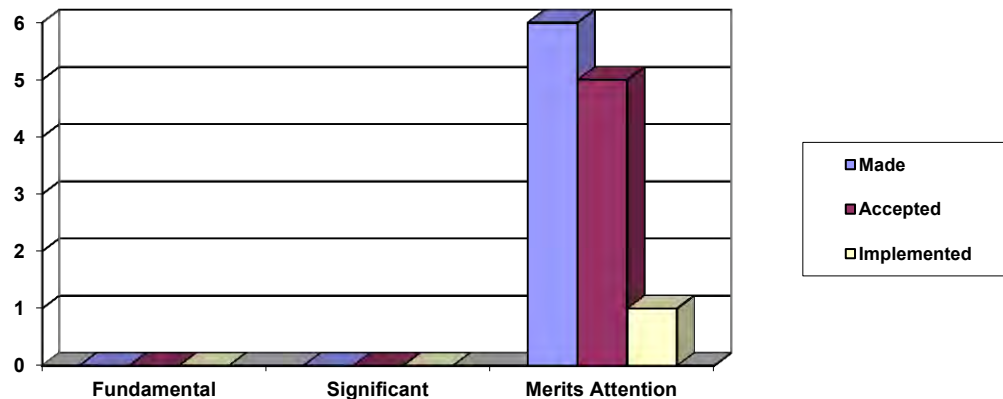
APPENDIX E – NOTES

KEY FOR RECOMMENDATIONS (IN RELATION TO THE SYSTEM REVIEWED)

Fundamental (F)	-	The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. In the Authorities Risk Management Policy this approximates to the Risk Grading.
Significant (S)	-	Attention to be given to resolving the position as the organisation may be subject to significant risks. In the Authorities Risk Management Policy this approximates to the Risk Grading.
Merits Attention (MA)	-	Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness. In the Authorities Risk Management Policy this approximates to the Risk Grading.

ASSURANCE LEVELS

OVERALL OPINION (ASSURANCE)	FRAMEWORK OF CONTROL	APPLICATION OF CONTROL	EXPLANATION	TYPICAL INDICATORS
Substantial (Positive opinion)	Good	Good	The control framework is robust, well documented and consistently applied therefore managing the business critical risks to which the system is subject.	There are no fundamental or significant recommendations attributable to either the Framework or Application of Control.
Adequate (Positive opinion)	Good	Adequate	As above however the audit identified areas of non-compliance which detract from the overall assurance which can be provided and expose areas of risk.	There are no fundamental recommendations surrounding the Framework of Control; coupled with no fundamental and no more than two significant recommendations attributable to the Application of those controls.
	Adequate	Good	The control framework was generally considered sound but with areas of improvement identified to further manage the significant risk exposure; controls were consistently applied.	There are no fundamental recommendations attributable to the Framework of Control.
	Adequate	Adequate	As above however the audit identified areas of non-compliance which expose the organisation to increased levels of risk.	There are no fundamental recommendations attributable to the Framework and Application of Control.
Limited (Negative opinion)	Good / Adequate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and suitably managing the risks to which the organisation is exposed.	There are more than two significant recommendations attributable to the Application of Controls.
	Weak	Good / Adequate	The control framework despite being suitably applied is insufficient to manage the risks identified.	There are more than two significant recommendations attributable to the Framework of Controls.
	Weak	Weak	Both the Framework of Control and its Application are poorly implemented and therefore fail to mitigate the business critical risks to which the organisation is exposed.	There are fundamental recommendation(s) attributable to either or both the Framework and Application of Controls which if not resolved are likely to have an impact on the organisations sustainability.
The above is for guidance only; professional judgement is exercised in all instances.				

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