



North York Moors National Park Authority

Internal Audit Progress Report

2019-20

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Head of Internal Audit: Max Thomas

Circulation List: Members of the Finance, Risk, Audit and Standards Committee
Management Team (including the S151 Officer)

Date: 2 February 2020

Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the chief audit executive (Head of Internal Audit) must report periodically to the board (Finance, Risk, Audit and Standards Committee) on performance.
- 2 Members approved the 2019/20 internal audit plan at their meeting on the 28 May 2019. The total number of planned internal audit days for 2019/20 is 23 days.

Internal Audit Work Carried Out 2019/20

- 3 All planned audit work for the year has been completed, and details of that work is shown in appendix A below. No revisions have been made to the 2019/20 audit plan. An additional report will be presented to this committee in April to provide the annual internal audit opinion

Audit Opinions

- 4 For most reports we provide an overall opinion on the adequacy and effectiveness of the controls under review. The opinion given is based on an assessment of the risks associated with any weaknesses in controls identified. For work where we do not appraise internal controls then no opinion is provided. We also apply a priority to all actions agreed with management. Details of the definitions used when we provide an opinion and the priorities for actions are included in appendix B.

2019/20 audit assignments completed

Audit	Status	Assurance Level
Budgeting	Completed	High Assurance
Contract Management	Completed	Reasonable Assurance
HR and Payroll	Completed	Substantial Assurance
IT Systems Maintenance and Development	Completed	Substantial Assurance
Information Security Compliance Check	Completed	Substantial Assurance

Summary of Key Issues from audits completed – 2019/20

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
Budgeting	High Assurance	<p>The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:</p> <ul style="list-style-type: none"> • there is a robust budget setting procedure in place • amendments to budgets are timely, and appropriate, and approval arrangements are in place • budget monitoring is effective and variances are exceptional. 	November 2019	<p>Strengths</p> <p>The budget is set through the medium term financial strategy and the current process appears robust. So far, in this financial year, there has been little movement in the budgets, due to more accurate setting processes.</p> <p>Budget monitoring takes place on a monthly basis between finance, and budget managers. Key information is reported to Senior Leadership Team (SLT) on a monthly basis to facilitate proper challenge and governance around variances. In addition to this, car park and visitor centre budgets are reported as a separate item due to their volatile nature.</p> <p>Weaknesses</p> <p>There are currently no guidance notes in place for budget managers, to outline</p>	Brief guidance notes will be developed for budget managers to support training to be given over the period to June 2020.

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				the authority's expectations and requirements in order to achieve effective budget management.	
Contract Management	Reasonable Assurance	<p>The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:</p> <ul style="list-style-type: none"> • staff with contract management responsibility have the skills and knowledge to effectively carry out their duties • contract delivery is appropriately monitored and managed to ensure quality and value • all contracts are recorded centrally to enable appropriate management. 	January 2020	<p>Strengths</p> <p>Contract management training for employees is provided by North Yorkshire County Council.</p> <p>All contracts within the sample reviewed were appropriately evaluated to ensure quality and value before the contract award notice was publicised. All contracts reviewed were appropriately signed and stored by the authority. All contracts were appropriately managed. All contracts had performance indicators in place to allow managers to monitor contracts appropriately.</p> <p>Weaknesses</p> <p>There is inconsistency in the guidance provided to help managers to monitor</p>	<p>The presentation from the contract management training provided by NYCC is to be circulated to all Contract Managers within NYMNP.</p> <p>All contract managers will be reminded of the need to ensure that contract performance indicators are properly monitored.</p> <p>Officers will consider the CIPFA guidance on contingency plans for contracts and use it in a way that is proportionate to the size/nature of the authority's contracts.</p> <p>An effective system will be created to ensure suitable central contract monitoring.</p>

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
				<p>contracts effectively. Not all contract managers have attended the NYCC training.</p> <p>Some contract managers were not monitoring performance indicators.</p> <p>No contingency plan is in place for contracts in case of contract failure.</p> <p>Contracts are not centrally monitored.</p>	
HR and Payroll	Substantial Assurance	<p>The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:</p> <ul style="list-style-type: none"> • new starters are set up accurately on both the HR and Payroll systems • all relevant new starter checks are carried out in a timely manner, and details are retained 	December 2019	<p>Strengths</p> <p>All five new starters tested were found to have been correctly set up on the payroll system.</p> <p>For all new starters, a checklist is completed outlining all the relevant documentation and checks that need to be completed by the organisation.</p> <p>All non-standard and additional payments checked had been authorised prior to payment. The amounts</p>	<p>There will be an update to the checklist to reflect current recruitment practice and ensure that a decision to allow a school leaver to start before receiving two references is signed off by the Head of Corporate Services.</p> <p>All staff will be reminded of the safeguarding policy, to ensure awareness and understanding.</p> <p>The Volunteering Team will be instructed to return any expenses claims that</p>

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		<p>appropriately</p> <ul style="list-style-type: none"> • non-standard and additional payments are authorised and processed correctly • volunteers' expenses are accurately administered and paid in full on a regular basis 		<p>paid also reconciled to submitted timesheets.</p> <p>All volunteer expense payments checked had been submitted and paid in a timely manner.</p> <p>Weaknesses</p> <p>The new starter checklist does not reflect current practice for school leavers.</p> <p>There may be a lack of awareness of the safeguarding (DBS) policy.</p> <p>Volunteers do not always sign their expense claim forms.</p>	<p>are not properly signed.</p>
IT Systems Maintenance and Development	Substantial Assurance	<p>The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:</p> <ul style="list-style-type: none"> • there is a schedule of maintenance and update requirements in place • appropriate change 	November 2019	<p>Strengths</p> <p>All major systems are supported by third parties who manage the update process. Confirmation is received that all updates have been carried out and are operational.</p> <p>Microsoft updates are rolled out in phases, to reduce the risk of problems occurring. If there are any</p>	<p>The help desk facility will be used to provide an improved record of changes to the network.</p>

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		management arrangements are in place.		<p>additional security patches, these will be issued to the authority as and when required.</p> <p>The ICT team have a disaster recovery policy in place, which identifies key contacts, and arrangements in place for recovering all systems within the authority.</p> <p>Weaknesses</p> <p>Currently, the authority does not have a formal change management policy in place.</p>	
Information Security Compliance Check	Substantial Assurance	The objective of the audit was to assess the extent to which data and assets were being held securely within the Authority's main offices.	December 2019	<p>Strengths</p> <p>Data Security policies are in place.</p> <p>Weaknesses</p> <p>Some staff are still not security conscious and do not ensure that sensitive information and electronic equipment is securely stored.</p>	A reminder will be issued to all staff of the requirement to keep all sensitive and personal information stored securely.

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.