



Appendix 1

**INTERNAL AUDIT
ANNUAL REPORT & OPINION
2023/2024**



1. Internal Control and the Role of Internal Audit

1.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The full role and scope of the Internal Audit Service is set out within our Internal Audit Charter.

1.2 For clarity, the South Downs National Park Authority (SDNPA) is an “authority” by virtue of section 2 and schedule 2 to the Local Audit and Accountability Act 2014. The Internal Audit service is provided by Orbis Internal Audit, through an external contract with Brighton & Hove City Council as part of the Orbis Partnership.

1.3 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

1.4 Annually the Chief Internal Auditor is required to provide an overall opinion on the Authority’s internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

2. Delivery of the Internal Audit Plan

2.1 The Authority’s Internal Audit Strategy and Plan is updated each year based on a combination of management’s assessment of risk (including that set out within the risk registers) and our own risk assessment of the Authority’s major systems and other auditable areas. The process of producing the plan involves consultation with a range of stakeholders to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered.

2.2 In accordance with the audit plan for 2023/24, a programme of audits were carried out and, in accordance with best practice, this programme was reviewed during the year. For 2023/24 no changes to the audit plan were considered necessary and the full audit plan was delivered.

3. Audit Opinion

3.1 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide **Reasonable¹Assurance** that the South Downs National Park Authority has in place an adequate and effective framework of governance, risk management, and internal control for the period 1 April 2023 to 31 March 2024.

3.2 Further information on the reasons for forming this opinion is provided below.

3.3 Where improvements in controls are required as a result of any of our work, we have agreed appropriate remedial action with management.

¹ This opinion is based on the activities set out in this report. It is therefore important to emphasise that it is not possible or practicable to audit all activities of the Authority within a single year.

4. Basis of Opinion

4.1 The opinion and the level of assurance given takes into account:

- All audit work completed during 2023/24;
- Follow up of actions from previous audits;
- Management’s response to the findings and recommendations;
- Ongoing advice and liaison with management;
- Effects of significant changes in the Authority’s systems;
- The extent of resources available to deliver the audit plan; and
- Quality of the internal audit service’s performance.

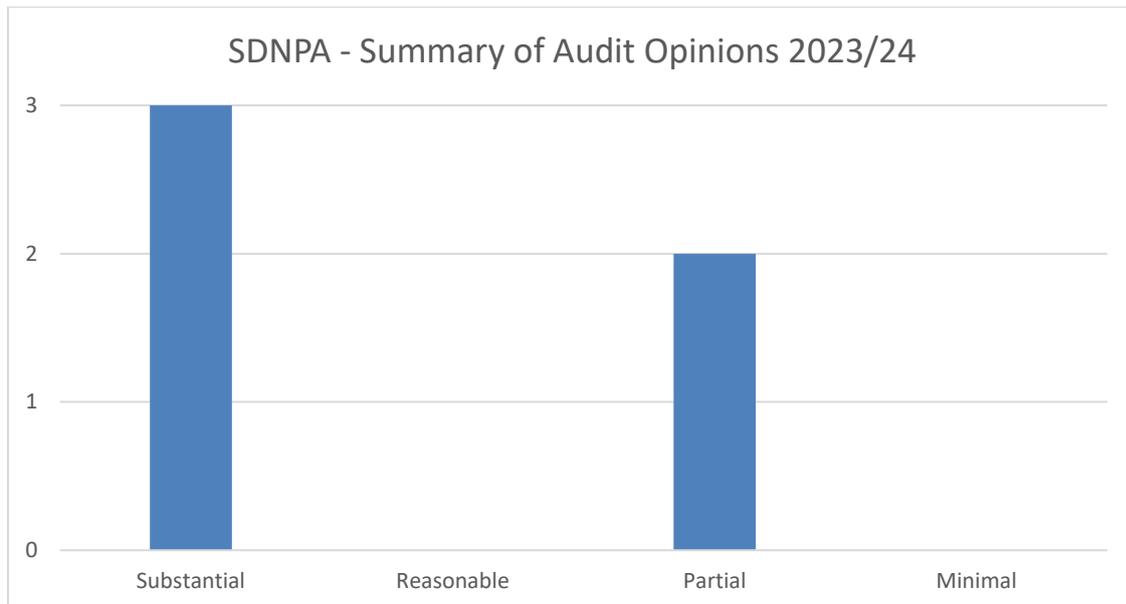
4.2 No limitations have been placed on the scope of Internal Audit or our work during 2023/24.

5. Key Internal Audit Issues for 2023/24

5.1 The overall audit opinion should be read in conjunction with the key issues set out in the following paragraphs. These issues, and the overall opinion, should be taken into account when preparing and approving the Annual Governance Statement.

5.2 The internal audit plan is delivered each year, the bulk of our work is delivered through formal reviews with standard audit opinions, with direct support for projects and new system initiatives, grant audits and ad-hoc advice where appropriate. The following graph provides a summary of the outcomes from all audits finalised during 2023/24.

Summary of Audit Opinions



5.3 A full listing of all completed audits and opinions for the year is included in Appendix B, along with an explanation of each of the assurance levels. The results of all audit work

completed are reported to both the Management Team and Policy & Resources Committee throughout the year.

EU Grant Claim Certification

5.4 During 2023/24, we have not been asked to certify any grant claims, however we will continue to do so as and when requested.

Amendments to the Audit Plan

5.5 In accordance with proper professional practice identified within the Public Sector Internal Audit Standards (PSIAS), the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk.

5.6 As referenced previously, no amendments to the Internal Audit plan were required during 2023/24.

6. Internal Audit Performance

6.1 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2023/24, including the results of our independent PSIAS assessment from 2022, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets. This information can be used by the Policy and Resources Committee in discharging their requirement to conduct an annual review of the effectiveness of Internal Audit.

Public Sector Internal Audit Standards (PSIAS)

6.2 The Standards cover the following aspects of internal audit, all of which were independently assessed during 2022 by the Institute of Internal Auditors (IIA):

- Purpose, authority and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;
- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress; and
- Communicating the acceptance of risks.

6.3 The completed assessment incorporated a full validation of our own comprehensive self-assessment against the standards, together with interviews with key stakeholders from across all the Orbis partner councils and discussions with Internal Audit team members.

6.4 Orbis IA were assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary, the service was assessed as:

Excellent in:

- Reflection of the Standards
- Focus on performance, risk and adding value

Good in:

- Operating with efficiency
- Quality Assurance and Improvement Programme

Satisfactory in:

- Coordinating and maximising assurance

Internal Quality Review

6.6 In addition to the independent external assessment, and the annual self-assessment against the PSIAS standard, our own internal quality review of a sample of SDNPA audit assignments conducted found no major areas of non-compliance with our internal processes.

Key Service Targets

6.7 Performance against our previously agreed service targets is set out in Appendix A. Overall, client satisfaction levels remain high, demonstrated through the results of our post audit questionnaires, discussions with key stakeholders throughout the year and annual consultation meetings with Chief Officers.

6.7 We have completed 100% of the 2023/24 audit plan.

6.8 All high and medium priority actions due in the 2023/24 financial year have been implemented.

6.9 Internal Audit will continue to liaise with the external auditors to ensure that the Authority obtains maximum value from the combined audit resources available.

6.10 In addition to this annual summary, Policy and Resource Committee will continue to receive performance information on Internal Audit throughout the year as part of our quarterly progress reports and corporate performance monitoring arrangements.

Appendix A

Internal Audit Performance Indicators 2023/24

| Aspect of Service | Orbis IA Performance Indicator | Target | RAG Score | Actual Performance |
|--|---|---------------|-----------|--|
| Quality | Annual Audit Plan agreed by Audit Committee | By end April | G | 2023/24 Internal Audit Strategy and Plan approved by Policy & Resources Committee on 23 rd February 2023. |
| | Annual Audit Report and Opinion | By end July | G | 2023/24 Internal Audit Report & Opinion produced and presented to Policy & Resources Committee on 27 th June 2024. |
| | Customer Satisfaction Levels | 90% satisfied | G | 100% |
| Productivity and Process Efficiency | Audit Plan – completion to draft report stage | 90% | G | 100% of 2023/24 Internal Audit Plan completed. |
| Compliance with Professional Standards | Public Sector Internal Audit Standards | Conforms | G | <p>Dec 2022 - External Quality Assurance completed by the Institute of Internal Auditors (IIA). Orbis Internal Audit was assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as:</p> <p>Excellent in:</p> <ul style="list-style-type: none"> - Reflection of the Standards - Focus on performance, risk, and adding value <p>Good in:</p> <ul style="list-style-type: none"> - Operating with efficiency |

| Aspect of Service | Orbis IA Performance Indicator | Target | RAG Score | Actual Performance |
|---------------------------------|---|---|-----------|--|
| | | | | <ul style="list-style-type: none"> - Quality Assurance and Improvement Programme Satisfactory in: <ul style="list-style-type: none"> - Coordinating and maximising assurance |
| | Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act | Conforms | G | No evidence of non-compliance identified. |
| Outcome and degree of influence | Implementation of management actions agreed in response to audit findings | 95% for high and medium priority agreed actions | G | All high and medium priority actions falling due in the 2023/24 financial year have been implemented. |
| Our staff | Professionally Qualified/Accredited | 80% | G | 93% ² |

² Includes Part Qualified Staff

Appendix B

Summary of Opinions for Internal Audit Reports Issued During 2023/24

(Explanation of assurance levels provided at the bottom of this document)

Substantial Assurance:

- Capital Accounting
- Treasury Management
- Income Processing

Reasonable Assurance:

- None

Partial Assurance:

- Cyber Security
- Seven Sisters Country Park – Operational Activities

Minimal Assurance:

- None

Other Audit Activity Undertaken During 2023/24

- None

Audit Opinions and Definitions

| Opinion | Definition |
|------------------------------|---|
| Substantial Assurance | Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives. |
| Reasonable Assurance | Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives. |
| Partial Assurance | There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk. |
| Minimal Assurance | Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives. |