

YORKSHIRE DALES
National Park

HEAD OF INTERNAL AUDIT ANNUAL REPORT 2024/25

15 April 2025

ANNEX 1

Veritau
Assurance for the public sector

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BACKGROUND

Circulation list: Members of the Audit and Review Committee

Background

1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS)[1] and the Authority's audit charter. These require the Head of Internal Audit to bring an annual report to the Audit and Governance Committee. The report must include an opinion on the adequacy and effectiveness of the Authority's framework of governance, risk management and control. The report should also include:

(a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
(b) any particular control weakness judged to be relevant to the preparation of the annual governance statement
(c) a summary of work undertaken to support the opinion, including any reliance placed on the work of other assurance bodies
(d) an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme, including a statement on conformance with the PSIAS.

Internal audit work carried out in 2024/25

2 During 2024/25, internal audit work was carried out across a range of areas of the Authority as agreed by the Audit and Review Committee on 16 July 2024. Internal audit work for the year comprised 26 days coverage. This is the standard number of days for the plan and is the same as in recent years. All planned work has been completed.

3 Appendix A summarises the internal audit work carried out during the year and the opinion given for each report. Appendix B provides details of the key findings arising from our internal audit work and Appendix C provides an explanation of our assurance levels and priorities for audit findings.

4 In 2024/25, we updated our rating system for audit findings and actions. Previously, actions were rated on a 1 (highest) – 3 (lowest) scale in terms of risk. These are now rated on a scale of 'critical', 'significant' and 'moderate', along with a colour coding. These ratings reflect the severity of the issue identified and the agreed actions then inherit the rating of the finding to which they are attached.

5 We have also introduced a new 'opportunity' rating for findings where the issue does not represent a risk to the organisation, but there is an opportunity to improve processes or outcomes. Previously, these types of issues may have been communicated informally to officers, so this change provides us with a formal way of documenting and reporting them.

[1] The Global Internal Audit Standards (UK Public Sector) will apply from 1 April 2025. Further information about the new standards is included in paragraphs 8 to 12 of this report.

Follow up of agreed audit actions

6 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work, we are satisfied that sufficient progress has been made to address the control weaknesses identified in previous audits. A summary of the current status of follow up activity is included at Appendix D.

Professional standards

Quality assurance improvement programme

7 In order to comply with the Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to the required professional standards. The results of the QAIP should be reported to senior management and the Audit and Review Committee along with any areas of non-conformance with the standards. At the time of writing, internal audit is undertaking its annual QAIP exercise. The results of the QAIP will be reported to the July 2025 meeting of this committee.

Changes to professional standards

8 From 1 April 2025, internal audit functions in the public sector will be working to new internal audit standards. These will be a combination of the new Global Internal Audit Standards (GIAS) published by the Institute of Internal Auditors and the 'Application Note, Global Internal Audit Standards in the UK Public Sector' published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

9 CIPFA is the body responsible for setting standards for internal audit in local government in the UK. The new standards will be referred to as the Global Internal Audit Standards (UK public sector) and will replace the PSIAS. There will no longer be a need for the PSIAS as these will be fully incorporated into the GIAS and Application Note.

10 CIPFA has also prepared a Code of Practice for the Governance of Internal Audit in Local Government, which will also come into effect from 1 April 2025. The primary audience for the Code of Practice is those charged with the governance of internal audit. It is intended to support public sector organisations in interpreting the essential conditions for governance of internal audit, as set out in the GIAS, and with how to apply them in a public sector context.

11 Whilst 1 April 2025 is the effective start date for the new standards, internal audit teams will not be expected to demonstrate full conformance at this time. Instead, they must adopt working practices which align with the new standards from this date and by doing so they will achieve conformance over a period of time.

12 In order to achieve conformance with the new standards, we are updating our audit charter, audit manual and providing training to staff. We will also review our working practices to ensure that they comply with the standards. We expect to bring an updated audit charter to the July 2025 meeting of this committee, along with an update on actions to achieve conformance.

Opinion of the Head of Internal Audit

13 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Authority is that it provides Substantial Assurance. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.

14 The opinion given is based on work that has been undertaken directly by internal audit, and on cumulative knowledge gained through our ongoing liaison and planning with officers.

Appendix A: Internal audit work in 2024/25

Final reports issued

Audit	Status	Opinion
Budget Management	Completed	Substantial assurance
Climate Change: Carbon Reduction Plan Review	Completed	No opinion given
Dales Countryside Museum	Completed	Substantial assurance
Information Governance	Completed	Substantial assurance
Payment Card Industry Data Security Standard (PCI DSS)	Completed	Substantial assurance

Appendix B: Summary of findings

System / area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Budget Management	Substantial Assurance	We reviewed the controls in place to ensure: • a robust budget setting process was in place with appropriate scrutiny and authorisation. • Budgets are monitored regularly and effectively. • Budget managers have received sufficient training and have access to appropriate information relating to budget management. • Budget information is regularly produced and reported to relevant stakeholders.	December 2024	The Authority has implemented a robust budget-setting procedure. There is a detailed budget timetable which provides a clear structure for ensuring the budget and MTFS are scrutinised and authorised on time. Budgets are monitored regularly by budget managers, and they are provided with a number of reports to support budget setting, profiling and monitoring. There is sufficient understanding of the reasons for budget variances, and these are appropriately reported. However, we noted two instances of budget variances caused by issues with budget profiling. Training and guidance on budget monitoring has been provided to budget managers by the Head of Finance, although we noted the training was not mandatory.	One Opportunity finding was raised, and an action agreed in relation to budget profiling. Continued training will be provided to budget managers to ensure they understand their responsibilities. Training materials will also be reviewed and updated. The action is due to be completed by 31 August 2025.

System / area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Climate Change: Carbon Reduction Plan Review	No opinion given	We reviewed the Authority's Carbon Reduction Plan (CRP) to ensure that it was in line with best practice guidance and included SMART performance targets. The review was scoped so as not to duplicate work carried out by the Authority's Carbon Reduction Plan Performance Review Group.	January 2025	The CRP was reviewed with Cabinet Office guidance. While the Authority is not required to align with this guidance, it provides a template for good practice. Overall we found the CRP aligns with the guidance. However, the CRP does not include projections for reductions in tCO2e emissions for the projects included in it. We noted the CRP Review Group's report includes emissions data that may be useful in aligning the updated CRP with the Cabinet Office guidance. We reviewed the sub-objectives of the CRP's three main strands (travel, premises and other indirect sources of emissions) against SMART criteria for actions. Overall, these showed some conformity, but we identified areas for improvement to ensure that these have measurable outcomes and timescales. Due to the limited nature of this review, no assurance opinion has been given.	Two Moderate findings were raised, and two actions agreed. The Authority will consider the Cabinet Office guidance when preparing the CRP 2025-2030. The Authority will make its goals in the CRP 2025-2030 SMART where appropriate. These actions are due to be completed by 31 March 2025.

System / area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Dales Countryside Museum	Substantial Assurance	We reviewed the controls in place covering income and expenditure to ensure: • Income generation from different sources at the Museum is effective in meeting financial expectations and supporting the Museum's objectives. • Income is used effectively to support Museum operations and development. • Expenditure is appropriately managed in accordance with the Museum's objectives and the Authority's financial regulations.	January 2025	The Museum generates income from multiple sources. The structured budget-setting and management process ensures it is effectively utilised to support the Museum's operations and development. Income targets had been met or exceeded in all areas in 2024/25, except for RHI income, which had a shortfall due to the biomass boiler being out of service. Maintenance arrangements for the boiler were reactive only, with no regular proactive maintenance. This contributed to it breaking down and being out of service for eight months (March – November 2024). This further caused operational disruptions and increased expenditure on oil, although the latter was offset by underspends on woodchip and gas. When reviewing oil purchases, we found that oil purchases lacked a competitive process or oversight to ensure value for	One Significant, one Moderate and one Opportunity finding were raised. Four actions were agreed. Two actions have been completed: • The contractor has been contracted to provide both wood pellets and annual maintenance services to try to ensure downtime is limited. • The oil contract has been assigned to the Estates Manager and Museum Manager to manage and a benchmarking exercise undertaken to assess value for money. The current supplier was found to be the cheapest.

System / area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				money, as well as a lack of accountability for the contract management. Other expenditure was being appropriately managed with all other budget variations being minor. Finally, the Museum has reviewed admissions data and identified opportunities to trial alternative measures in quieter periods to boost visitor numbers and improve accessibility.	Two actions are in progress. The Museum will retain delivery dockets as proof of supply and quantity. Docket numbers will be cross-referenced with invoices and oil usage monitored to mitigate potential misuse. The timescale for completion is 31 May 2025. The Authority is exploring the opportunity in collaboration with the Head of Park Services and will consider ideas to increase museum admissions, retail sales, and car park revenue during the quieter periods. The timescale for completion is 31 March 2025.
Information Governance	Substantial Assurance	The audit focused on freedom of information and environmental	December 2024	Our review found that the Authority has suitable policies, procedures, training and guidance in place regarding how to	One Moderate and one Opportunity finding were

System / area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		information regulations requests. We reviewed the controls in place to ensure: • Appropriate policies and procedures were in place and compliant with FOI/EIR requirements. • Staff had appropriate guidance and training. • Information requests were appropriately handled within FOI/EIR timescales. Appropriate reporting to senior management and Members was taking place.		respond to FOIs and EIRs. However, the Authority's Access to Information Statement and General Guidance to Officers on Handling Requests for Information documents require review to ensure they remain up to date. EIR and FOI requests are handled appropriately and in line with ICO guidance. At the time of the audit 35 requests had been received in 2024/25. All but one of our sample had been responded to in statutory timescales. The late response was due to an internal delay in obtaining the required information. Reporting was generally appropriate, but there were opportunities for improvement. Senior management receive an annual report on FOI and EIR requests, but there is no formal reporting to Members. The Authority publishes reports on its website at six-monthly intervals rather than quarterly as is recommended in ICO best practice guidance.	raised, and two actions agreed: The Authority's Statement and Guidance document will be reviewed, and version control included on both. The timescale for completion is 30 June 2025. Quarterly performance statistics will be published for FOI and EIR requests and responses. The timescale for completion is 31 January 2025.

System / area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Payment Card Industry Data Security Standard (PCI DSS)	Substantial Assurance	We reviewed the controls in place to ensure: • Suitable procedures, guidance and training for staff were in place for PCI DSS compliance. • Compliance assurances were received from third party payment processors acting on behalf of the Authority. • Annual self-assessment questionnaires and attestations of compliance had been submitted.	December 2024	We found that, overall, the Authority has appropriate systems and processes in place for PCI DSS compliance. The Authority is within the PCI level 3 threshold for compliance purposes (20k – 1m card transactions per year), requiring it to complete an annual self-assessment questionnaire (SAQ), attestation of compliance (AOQ), and quarterly scans of its IT network. The Authority has completed these elements to demonstrate compliance. While policies, procedures and guidance were in place, we found that not all staff had been made aware of the guidance and the documents had not been reviewed at the required frequency. Evidence of third-party PCI DSS compliance should be documented in the Authority's PCI manual, but this was out of date or unavailable for two providers. Furthermore, staff who take card payments should receive annual training, but this had not been completed since 2022.	Four Moderate findings were raised, and four actions agreed: Procedure manuals and guidance will be updated and made available to relevant staff. The timescale for completion is 31 March 2025. The PCI training will be updated and circulated to relevant staff to complete. Signed copies will be retained. The timescale for completion is 31 May 2025. Links to third-party compliance evidence have been updated in the PCI Compliance Manual. This action is complete. The monthly tamper checks will be stored on the X drive so that the

System / area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				Finally, visitor centre staff conduct monthly tamper checks on card payment machines, but the results of these checks were not being reported to the Finance Officer, who has responsibility for ensuring they are completed.	Finance Officer can conduct spot checks. The timescale for completion is 31 January 2025.

Appendix C: Audit opinions and priorities for actions

Audit opinions	
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. Our overall audit opinion is based on four grades of opinion, as set out below.	
Opinion	**Assessment of internal control**
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Finding ratings	
Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

Appendix D: Follow up of agreed audit actions

Where weaknesses in systems are found by internal audit, the auditors agree actions with the responsible manager to address the issues. Agreed actions include target dates. Internal audit carries out follow up work to check that the issues have been resolved once target dates are reached. Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by internal audit where necessary.

As the ratings for findings and actions changed in 2024/25 (see paragraphs 4-6, Appendix C), follow up work in 2024/25 focused on resolving and closing those actions outstanding from previous years which were prioritised under the previous system of numerical ranking.

In total, 31 actions were followed up, with 28 (90%) having been satisfactorily implemented. There are three actions outstanding, two from 2022/23 and one from 2023/24, for which revised timescales have been agreed. Actions agreed in 2024/25 under the new prioritisation scheme will be followed up in 2025/26.

Actions followed up	
Priority of actions	**Number of actions followed up**
1	0
2	7
3	24
Total	**31**

Actions followed up by directorate		
Corporate Services	**Conservation & Community**	**Park Services**
0	0	0
4	0	3
17	1	6
21	**1**	**9**