

D242504- Internal Audit of Area of Outstanding Natural Beauty (AONB) 2023-24

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Purpose and Scope of Review

The Committees internal audit, acting independently and on a basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2024.

Background

The AONB is an area which covers the Clwydian range and Dee Valley; it includes parts of Denbighshire, Flintshire and Wrexham.

Denbighshire County Council is the lead authority on the Joint Committee of the AONB and therefore, the financial regulations, contract standing orders and Rules of Debate of this authority apply.

Audit Opinion

Our review identified effective controls in place for monitoring of income and expenditure with supporting documentation in place. Examples include providing financial reports to the Clwydian Range and Dee Valley AONB Committee on a quarterly basis and regular reconciliations of AONB accounts. Appropriate treatment of VAT, National Insurance and PAYE were in place and comply with corporate financial regulations for purchases.

We reviewed petty cash transactions which identified that a small number of VAT receipts were not correctly treated. While the unclaimed VAT amount was not significant with a value of £30.18 further guidance has been provided to the service on the treatment of VAT when purchasing through petty cash. We will perform further testing in our next review to verify VAT is properly accounted.

The AONB committee meet regularly using both virtual and in person platforms and have detailed supporting documentation in place for recording discussion and decisions agreed.

Internal Audit of AONB 2023-24

A review of the completed annual returns for 2023-2024 identified some variations in income and expenditure in comparison to 2022-2023. Through discussion with officers, we were satisfied that the variances were reasonable and have no concerns.

The AONB risk register is regularly reviewed to ensure risks and mitigating actions are effective.

Our review identified that the service is working towards the sustainable development principles and supporting the council to achieve carbon net zero targets by 2030.

Overall good financial controls and records are well maintained. We therefore provide a high assurance rating. Details of the definitions of the ratings used in our report are included in Appendix 1.

High Assurance ●	Risk and controls well managed and objectives are being achieved
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Appendix 1 – Definition of Ratings Used Within the Report

Assurance Levels

High Assurance ●	Risk and controls well managed and objectives are being achieved
Medium Assurance ●	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives
Low Assurance ●	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

Action Plan Priority

Priority	Impact	Timescale (indicative)
P1	Action is imperative to ensure that the objectives for the area under review are met	To be implemented immediately. Explanation to Governance & Audit Committee should timeframe extend beyond three months
P2	Requires action to avoid significant risks to the achievement of objectives within the area under review	Implemented as soon as possible. Explanation to Governance & Audit Committee should timeframe extend beyond six months
P3	Action to enhance controls or improve operational efficiency	Implemented within six months. Governance & Audit Committee will be advised if longer timescale is necessary and/or justified

Risk Assessment Criteria

Risk Severity	Escalation Criteria	Likelihood & Impact
Moderate ●	Risk containable at service level – senior management and Senior Leadership Team (SLT) may need to be kept informed	<ul style="list-style-type: none"> ● Event is almost certain/likely to occur in most circumstances with very low impact ● Event is likely/possible to occur with low impact ● Event will possibly/unlikely/rarely occur with medium impact ● Event rare and may occur only in exceptional circumstances with high impact
Major ●	Intervention by SLT and / or Corporate Executive Team (CET) with Cabinet involvement	<ul style="list-style-type: none"> ● Event is almost certain to occur in most circumstances with low impact ● Event is almost certain/likely to occur in most circumstances with medium impact ● Event will possibly/unlikely to occur at some time with high impact ● Event rare and may occur only in exceptional circumstances with very high impact
Critical ●	Significant CET and Cabinet intervention	<ul style="list-style-type: none"> ● Event is almost certain or likely to occur with high impact ● Event is almost certain/likely/possibly to occur with very high impact

Report Recipients

- AONB Officer and Ranger Service Manager
- Lead Officer - Countryside and Heritage
- Senior Finance and Assurance Officer
- Head of Planning, Public Protection and Countryside Services
- Corporate Executive Team
- Scrutiny Co-ordinators
- Interim Strategic Planning & Performance Team Leader
- Lead Member for Housing and Communities
- Chair-Performance Scrutiny Committee
- Lead Member for Finance, Performance and Strategic Assets
- Governance and Audit Committee

Internal Audit Team

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Key Dates

Review commenced	June 2024
Review completed	July 2024
Reported to Governance & Audit Committee	September 2024