



Internal Audit Service

**LOCH LOMOND & THE TROSSACHS
NATIONAL PARK AUTHORITY**

**INTERNAL AUDIT PLAN
2016-19**

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1 Introduction

1.1 Definition of Internal Audit

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

Public Sector Internal Audit Standards

The Standards (applying the Institute of Internal Auditors International Standards to the UK Public Sector) have been agreed to be adopted from the 1st April 2013 by the relevant public sector Internal Audit Standard setters. Elements of the Standards are based on the Chartered Institute of Internal Auditors International Professional Practices Framework. Standard setters are; HM Treasury; Scottish Government; Department of Finance and Personnel Northern Ireland; Welsh Government; Department of Health; and the Chartered Institute of Public Finance and Accountancy.

In accordance with the Standards an Audit Charter is in place which defines the internal audit activity's purpose, authority and responsibility. The Audit Charter will, in essence, be a contextualised version of that adopted by West Dunbartonshire Council (WDC).

1.2 Background

The Internal Audit Service of West Dunbartonshire Council (WDC) supports Loch Lomond & The Trossachs National Park Authority (the Park Authority) and Executive team in achieving agreed strategic and operational objectives and in discharging their corporate governance responsibilities. Internal audit's roles is to: assess how operating risks are being managed and controlled and report to the Executive Team and the Audit Committee on the results of these assessments; and influence the continuous development of the risk management and control process through sharing best practice.

1.3 Authority

As laid down in the Park Authority's Management Statement / Financial Memorandum the Park Authority shall establish and maintain arrangements for internal audit in accordance with the Government Internal Audit Standards (GIAS).

1.4 Audit Planning

Internal Audit complies with the requirements of The Standards, per Section 2010 (Planning):

‘The chief audit executive (WDC – Audit and Risk Manager) must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.’

2 The Audit Planning Process

2.1 Risk Assessment

A risk-based audit needs assessment has been carried out by the Audit and Risk Manager and the National Park’s Director of Corporate Services which included a review of the “audit universe”. The audit universe includes all significant activities and systems that contribute to the achievement of the National Park’s priorities and objectives.

This assessment of needs identifies all operations, resources, services and responsibilities, and prioritises key systems being operated, and key services provided. The Executive Team have been consulted on priority areas for review, while cognisance has been taken of the plans of External Audit and other statutory agencies, Internal Audit activity over the last 3 years in order to avoid duplication, and increase potential for cross reliance. The comments of members of the Audit Committee have also been taken into account in preparing the Audit Plan.

Whilst it has not been possible due to other Park Authority priorities to undertake a detailed audit needs assessment the intention would be to undertake this prior to finalisation of the audit plan for 2017/18 which would include undertaking the completion of a matrix which scores each potential audit area in respect of:-

- Control risk
- Materiality
- Sensitivity
- Management concerns

The matrix gives an overall “score” for each area that is used to prioritise the audit reviews.

The risk process recognises the materiality of core financial systems by applying a weighting based on transaction value. In addition, the process ensures that major systems will be covered over a rolling programme by applying a weighting factor based on the date of the previous audit.

Independence is established by organisational status through reporting lines and by members of internal audit carrying out their duties freely and objectively.

2.2 Other Issues

Other factors which influence the plan are discussions with the Executive Team, Board discussions and priorities consideration of current issues arising, computer systems being developed and introduced, and recommendations from recently completed audits.

3 Monitoring the Plan

Internal Audit reports performance to the Audit Committee on a quarterly basis

4 Annual Report

Section 2450 of the Standards states that:

'The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to form its governance statement.'

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

This work underpins the Statement of Internal Financial Control / Annual Governance Statement, which will be published with the Accounts, and subject to the scrutiny of External Audit.

5 Quality Assurance and Improvement Programme

Sections 1310 to 1312 of the Standards refer to the need for a quality assurance and improvement plan to be developed to include both internal and external assessments.

Internal assessments must include ongoing monitoring of Internal Audit performance and periodic assessments by other persons within the organisation with sufficient knowledge of the work of Internal Audit. It is proposed that staff from within the Park Authority's Corporate Services will fulfil this role.

External assessments on the work of all Local Authority's Internal Audit Service are conducted at least every five years by a qualified independent assessor. The Scottish Local Government Chief Internal Auditors' Group (SLACIAG) has developed a framework for external assessments to be undertaken by member authorities of SLACIAG on a broadly reciprocal arrangement utilising a peer review option. The WDC's Internal Audit Service has participated in this framework and a successful external validation of its own self-assessment took place during 2015/16.

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6 Delivering the Plan

The plan has been developed in line with the approved Internal Audit Charter and will be delivered in accordance with:

- The Standards;
- Relevant codes of ethics standards and guidelines issued by the professional institutes;
- Relevant corporate governance documents, standards, policies and procedures; and
- WDC's Internal Audit Services own Audit Manual and other internal standards, which will be adhered to by all team members.

7 Internal Audit Three Year Strategic Plan

The risk-based audit needs assessment referred to at Section 2 above has resulted in the following audit assignments being scheduled over the next three years:

Audit Area	Days allocated to each year		
	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Attendance Management	6		
ICT General Review	5	4	3
Business Continuity / Resilience	4		
Employee Licences / Vehicle Checks	6		
Health and Safety	6		
Control Risk Self-Assessment of General Financial areas	7		
Other item – Year 3			5
Vehicle Fleet		6	
Energy Management / Facilities Management		6	
Freedom of Information / Environmental Information Regulations		6	
Fixed Penalty Notices / Byelaws		6	
Greenspace			5
Performance Indicators			5
Procurement			6
Follow up on previous internal audit recommendations	2	2	2
Planning / Meetings / Review / Advise	14	7	7
Total	50	37	33

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The indicative programme of work for 2017/18 and 2018/19 will be reviewed at the start of each year and may be changed to reflect any revised priorities emerging at that time.

8 Detailed Schedule of Planned Audit Assignments for 2016/17

Further details of the planned audit assignments for 2016/17 is provided below.

Audit	Days	Objectives / key tasks
Attendance Management	6	<ul style="list-style-type: none"> • Ascertain compliance with established policy in terms of: <ul style="list-style-type: none"> ○ reporting and recording of absence ○ employee contact by management during absences ○ return to work meetings ○ triggers reached ○ occupational health referrals ○ attendance review meetings and resulting management actions
ICT General Review	5	To be populated (discussions underway between WDC's ICT Security Officer and LLTNPA's ICT Systems Manager)
Business Continuity / Resilience	4	<ul style="list-style-type: none"> • Identify Critical sites and redundant communications links between them for both voice and data • Identify and prioritise key applications and services • Identify dependencies between key communications and applications • Ensure Services understand their DR and BC plans
Employee Licences / Vehicle Checks	6	<ul style="list-style-type: none"> • Compliance with Park Authority procedures • Adherence to legislation
Health and Safety	6	<ul style="list-style-type: none"> • Compliance with Park Authority Procedures • Risk Assessments • Accident recording, reporting and investigation • Lessons learned from accidents / incidents
Control Risk Self-Assessment of General Financial areas	7	To be populated (consideration of model used by previous Internal Audit service provider)

TOTAL	34
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Follow up on previous internal audit recommendations	2
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Planning / Meetings / Review / Advise	14
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OVERALL TOTAL	50
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9 Key Performance Indicators

In order to assist with tracking and demonstrating performance against the Audit Plan during 2016/17, it is proposed that the following key performance indicators be used:

<u>Key Performance Indicator</u>	<u>Target</u>
Draft reports issued within 21 days of fieldwork completion	100%
Management responses will be received within 14 days of the draft report being issued	100%
Final reports issued within 14 days of agreement of draft report / action plan	100%
The Audit and Risk Manager or Qualified Auditor will attend all Audit Committee meetings	100%
Audits completed within budgeted days	100%
Level of full compliance with the Public Sector Internal Audit Standards (PSIAS)	100%
The Internal Audit Annual Report will be finalised by 31 st May 2017	100%

Note: About this report

This Report has been prepared on the basis set out in the Memorandum of Understanding (MOU) between the National Park Authority as the Client and West Dunbartonshire Council (WDC) as the provider of Internal Audit services. Nothing in this report constitutes a valuation or legal advice. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the MOU. This Report has been prepared for the benefit of the Client only. This Report has not been designed to be of benefit to anyone except the Client. In preparing this Report we have not taken into account the interests, needs or circumstances of anyone apart from the Client, even though we may have been aware that others might read this Report. This Report is not suitable to be relied on by any party wishing to acquire rights against WDC, other than the Client for any purpose or in any context. Any party other than the Client that obtains access to this Report or a copy (under the Freedom of Information (Scotland) Act 2002, the Environmental Information (Scotland) Regulations 2004 through the Client's Publication Scheme or otherwise) and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, WDC does not assume any responsibility and will not accept any liability in respect of this Report to any party other than the Client. In particular, and without limiting the general statement above, since we have prepared this Report for the benefit of the Client alone, this Report has not been prepared for the benefit of any other public sector body nor for any other person or organisation who might have an interest in the matters discussed in this Report, including for example those who work in the public sector or those who provide goods or services to those who operate in the public sector.