

**INTERNAL AUDIT SERVICES**  
**REPORT REF No S.021.18 (Nov 2017)**

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

**CRSA – 2017/18**



*West Dunbartonshire ~ from the banks of Loch Lomond to the shores of the Clyde*



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#### **Personnel associated with this report :**

Jaki Carnegie – Director of Corporate Services

Catriona Morton – Financial Performance Manager

Andrew Jump – Finance & Procurement Manager

Paul Scullion – Facilities Manager

Amanda Aikman – Governance Manager

Laura Baird – Information Officer

Andrea Veszlovski - Project Management Adviser

Margo Lusk - Auditor

## **1. AUDIT REPORT SUMMARY**

### **1.1 General**

A Control Risk Assessment (CRSA) audit was conducted and we are pleased to report that the systems examined are working effectively.

The review highlighted that opportunities exist to strengthen internal controls and enhance the service provided as listed below;

- VAT Manual/Procedures
- Spare Safe Key
- Complaints Handling Procedures

The Audit also highlighted areas of good practice as follows:

- Procedures for advising staff on new/updated policies including awareness practice
- Effective controls for the Financial Ledger

Full details of these opportunities and any other points that arose during the audit are included in the Action Plan, which forms Section 3 of this report.

## **2. MAIN REPORT**

### **2.1 INTRODUCTION**

2.1.1 A CRSA audit was carried out as part of Internal Audit's Planned Programme of Audits for 2017/18.

### **2.2 SCOPE AND OBJECTIVES**

2.2.1 The objectives of the CRSA approach are to gather assurance over key systems, policies and controls in place.

2.2.2 The CRSA consists of a questionnaire and is completed by appropriate Managers who answer each question identifying the controls in place and detailing how they operate. The Audit team then use the information to make an assessment, at an overview level, of the internal control environment. The assessment will take into account any current remedial work being undertaken.

2.2.3 Whilst a formal audit launch meeting did not take place, discussion took place by telephone with Catriona Morton, Financial Performance Manager to agree the scope and objectives of the audit.

2.2.4 The questionnaire contained 66 questions covering a number of areas as follows:

- Accounting for VAT;
- TV Licences;
- Controlled Stationery;
- Retention Schedules;
- Risk Register;
- Financial Ledger;
- Complaints Handling;
- Treasury & Cash Management; and
- Project Accounting.

### **2.3 FINDINGS**

2.3.1 The findings are based upon the answers provided by the Park Authority.

2.3.2 The audit was conducted in conformance with the Public Sector Internal Audit Standards (PSIAS).

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2.3.3 This report details all points arising during the audit review, full details of which are included in the findings and recommendations included in the Action plan contained within Section 3 of this report. We stress that these are the points arising via the planned programme of work and are not necessarily all of the issues that may exist.

2.3.4 The factual accuracy of this report has been verified by the officers involved in the audit.

2.3.5 Audit would like to thank all staff involved in the audit process for their time and assistance.

#### 2.3.6 Accounting for VAT

Internal Audit understands that an HMRC visit had recently been undertaken and a recommendation made to establish procedures for dealing with VAT and this is supported by Internal Audit. Finance Management are aware of the importance of providing the correct advice to staff within the Park Authority in relation to VAT and have therefore put a process in place to deal with queries which may arise.

#### 2.3.7 TV Licences

An up to date Company Group TV Licence is in place and is appropriate for the needs of the Park Authority.

#### 2.3.8 Controlled Stationery

Procedures in place for Controlled Stationery appear to be working well in that stationery is being held securely, distributed and used as appropriate.

#### 2.3.9 Retention Schedules

A clear Records Management Policy has been established and has been updated within the last year. Good practice has been demonstrated by ensuring that all staff have been provided with sufficient training and the promotion of awareness on the Park Authority's intranet site.

#### 2.3.10 Risk Register

The Park Authority recognises the requirement for identifying risks and a Corporate Risk Register has been established which is reviewed and reported on, on a quarterly basis. Individual projects have their own risk register. It is also recognised that as and when required, the Board and/or Audit Committee will identify and discuss if necessary any additional risks out with the risk registers.

#### 2.3.11 Financial Ledger

The controls in place ensure that the Financial Ledger is operating effectively.

#### 2.3.12 Complaints Handling

The Complaints Handling Procedure Guide for Customers is comprehensive and reporting procedures are operating effectively. However, the procedure is dated 2014 and the Park Authority should consider its review.

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#### 2.3.13 Treasury & Cash Management

Some of the questions within this section were covered by the Banking Audit recently undertaken as a separate audit. Whilst in the main, procedures for cash collection were operating effectively, the procedures would benefit from review and updating. Internal Audit understands that a review is in progress and should be completed by the end of 2017. Consideration should be given to investigating the cost of purchasing an additional safe key where there is no spare key available. Please see the action plan for further details.

#### 2.3.14 Project Accounting

The review covered project planning and monitoring along with preparation of a risk register. Controls confirmed that effective project planning for key project activity was being undertaken.

<b>3. Action Plan: National Park - CRSA 2017/18 S.021.18</b>						
<b>Ref. No.</b>	<b>Finding</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Comment</b>	<b>Manager Responsible</b>	<b>Date to be Completed</b>
1.	<b><u>VAT Manual/Procedures</u></b> It was identified that procedures for dealing with VAT have not been established. It is acknowledged that a recent HMRC visit highlighted this.	In agreement with HMRC, it is recommended that VAT manual/procedures are established which fully documents the key tasks and procedures providing guidance for staff in dealing with VAT.	Medium Risk	Agreed	Andrew Jump Finance & Procurement Manager	30.4.18
2.	<b><u>Spare Safe Key</u></b> One of the safes accessed by a key does not have a spare key. Therefore, should the key be lost the safe would require to be accessed by other means.	It is recommended that the Park Authority investigate the cost of having an additional safe key cut and also the cost of accessing the safe by other means, therefore providing information on best value should the safe key be lost at any point in the future.	Low Risk	Spare key will be acquired	Andrew Jump Finance & Procurement Manager	31.1.18
3.	<b><u>Complaints Handling Procedures</u></b> A Complaints Handling Procedure a Guide for Customers has been established and procedures are working effectively, however the document is dated 2014.	It is recommended that the procedures be reviewed and updated where appropriate.	Low Risk	Agreed	Laura Baird Information Officer	31.3.18



## Appendix 1. Priority Levels

Recommendations have timescales for completion in line with the following priorities.

<b>Priority</b>	<b>Expected Implementation Timescale</b>
<u>High Risk:</u> Material observations requiring immediate action. These require to be added to the risk register of a service. (Council context)	Generally, implementation of recommendations should start immediately and be fully completed within three months of action plan being agreed.
<u>Medium Risk:</u> Significant observations requiring reasonably urgent action.	Generally, complete implementation of recommendations within six months of action plan being agreed.
<u>Low Risk:</u> Minor observations which require action to improve the efficiency, effectiveness and economy of operations or which otherwise require to be brought to the attention of senior management.	Generally, complete implementation of recommendations within twelve months of action plan being agreed.

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.