

Internal Audit Follow-up Report

Agenda Item 6

National Park Authority Audit and Risk Committee Meeting

Tuesday 9th March 2021

Paper for discussion

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1. Introduction

1.1. This report provides a summary of the progress of Internal Audit recommendations previously reported to the Audit and Risk Committee. This report includes.

- A summary of the outstanding recommendations;
- A summary of the progress made since the previous report; and
- A register of outstanding recommendations

1.2. This report also includes an update on the recommendations arising from external audits, as reported by Senior Management. Internal Audit has not undertaken additional testing over completed recommendations relating to these recommendations; the position is based on the reported assertions of management.

2. Summary of Outstanding Recommendations

2.1. Since the last report that was presented to the Audit and Risk Committee on 01 December 2020, management have been responsible for following up recommendations which are due to have been implemented. As at 28 February 2021, five of these recommendations remain outstanding.

2.2. Table One outlines the split of outstanding recommendations per priority and audit.

	Priority of Recommendation			Total
	High	Medium	Low	
Access (WDC)	0	0	1	1
Boat Registration Process (WDC)	0	0	2	2
Control Risk Self-Assessment (WDC)	0	0	1	1
Independent Assurance Review of the Environmental Monitoring Framework (WDC)	0	1	0	1
Total	0	1	4	5

2.3. During the period from 01 December 2020 to 28 February 2021, management's attention has been re-directed to deal with the impact of the COVID-19 pandemic meaning that the implementation of all outstanding recommendations has been delayed. **Appendix One** provides further details on the outstanding recommendations

2.4. A register of all recommendations which have not yet been implemented is included at **Appendix Two**. This register highlights the full text of the recommendation and the original due date, and management have included an update on the progress and a revised implementation date where appropriate.

3. External Audit Recommendations

3.1. There were two recommendations outstanding as at the date of reporting to the last Committee in December 2020 and these remain outstanding as at 28 February 2021. Further detail is included at **Appendix Three**.

4. Recommendation for Committee

4.1. It is recommended that Audit and Risk Committee notes the progress made in terms of the recommendations implemented and requests the Chief Internal Auditor to submit further reports on the implementation of outstanding recommendations.

5. Appendices

- 5.1. Appendix One – progress since previous report
- 5.2. Appendix Two – Outstanding Recommendations
- 5.3. Appendix three – External Audit

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5.1 Appendix One - Progress since Previous Report

	Access (WDC)	Boat Registration Process (WDC)	Control Risk Self-Assessment (WDC)	Independent Assurance Review of the Environmental Monitoring Framework (WDC)	Total
Outstanding or not yet due as at 01 December 2020	1	3	1	1	6
Added to the Register during Period	0	0	0	0	0
Outstanding as at 28 February 2021	1	2	1	1	5
Not yet due as at 28 February 2021	0	1	0	0	1
Implemented in Period	0	0	0	0	0

5.2 Appendix Two – Outstanding Recommendations

Title	Recommendation	Priority Rating	Planned Implementation Date	Management Comments	Revised Implementation Date	Revised Implementation Date changes
WDC1819 - Access - Recommendation 3	<u>Remit of Local Access Forum</u> The National Park should consider enhancing documentation around the roles and remit of the Local Assess Forum to include, for example: <ul style="list-style-type: none"> • Job specifications for Forum Members; and • A remit/terms of reference document to assist with the running of the Forum (this remit could cover areas such as Equal Opportunities, Structure, Membership (including how potential members are nominated and the length of time for which members are elected) and Administration and Finance). 	Low	01-Apr-19	Delayed. The draft version was provided to Forum members and comments received. Due to COVID-19, the normal Forum meeting schedule is disrupted, and staff capacity has been diverted to other urgent tasks. Therefore, this item is currently on hold.	On hold due to COVID-19 (31-May-20) (31-Dec-19) (31-Oct-19)	4
WDC1920 - Boat Registration Process - Recommendation 1	<u>Boat Registration Database</u> a) Management should consider whether an automated system could be implemented which would allow, for example:- boat owners to register their details	Low	01-Mar-20	Delayed. Database testing almost complete it was delayed due to Covid-19 and the need to deploy resources	31-Jan-22 (31-Jan-21)	2

Title	Recommendation	Priority Rating	Planned Implementation Date	Management Comments	Revised Implementation Date	Revised Implementation Date changes
	<p>online which would directly populate the boat registration database;- the re-registration process to be carried out on line, for example by owners confirming they continue to agree to the terms and conditions for use; and- all information to be stored electronically to eliminate the need for paper copies of registration and re registration forms to be printed and retained. The full system requirements should be reviewed to ensure that any new system(s) can: - Record contraventions, multiple launch pass purchases and all other required information; and - Provide required PI information. In addition LLNTPA should consider whether the new system(s) should provide on line access to rangers whilst on patrol.</p> <p>5.4.</p> <p>b) Management should consider how issues with the speed of the</p>			<p>to season operations. Online re-registration will not take place in Jan 2021. Work on the database will continue this financial year to establish if upgrades to current system are possible or whether a new database is required.</p> <p>A revised date for implementation has been provided.</p>		

Title	Recommendation	Priority Rating	Planned Implementation Date	Management Comments	Revised Implementation Date	Revised Implementation Date changes
	system can be addressed going forward.					
WDC1920 - Boat Registration Process - Recommendation 6	<p><u>Payment for registration plates</u></p> <p>a) Management should consider whether online payments for new registrations should be an option for boat owners and align the registration form and the website to show the same information.</p> <p>b) Management should consider, at the end of the season, whether the current process to no longer attach payment receipts is working effectively or whether the receipts should be attached to the registration form. It would be anticipated that any new system would incorporate</p>	Low	01-Feb-20	<p>Partially complete / On track</p> <p>a) Ongoing - Online registration will not be available until the new/improved database is installed and tested to process re-registrations.</p> <p>A revised date for implementation has been provided.</p> <p>b) Reported as completed by management in previous follow up reports.</p>	<p>a) 31-Jan-22 5.5. (31-Jan-21)</p> <p>b) Complete</p>	2
WDC1920 - Control Risk Self-Assessment - Recommendation 1	<p><u>Procedures for Reporting of Theft</u></p> <p>It was noted that there are currently no procedures in place for staff to report incidences of external theft</p>	Low	31-Mar-20	<p>Delayed</p> <p>A provision for this is been written into the new Security Policy. This has been drafted but is</p>	<p>30-Sept-21 (31-Dec-20) (30-Sep-20)</p>	3

Title	Recommendation	Priority Rating	Planned Implementation Date	Management Comments	Revised Implementation Date	Revised Implementation Date changes
	e.g. where a vehicle or equipment is stolen.			<p>delayed due to the COVID-19 and staff resourcing situation.</p> <p>This will now be taken forward by the new Facilities Manager (started 01 Feb 2021).</p> <p>A revised date for implementation has been provided.</p>		
WDC1920 - Independent Assurance Review of the Environmental Monitoring Framework - Recommendation 1	<p><u>Indicator questions and interim conclusions</u></p> <p>a) LLTNPA management should complete the remaining indicator questions templates including methodology as soon as possible and have these formally approved by the LLTNPA Board.</p> <p>5.6.</p> <p>b) Going forward the templates should be reviewed on a regular basis to ensure the data</p>	<p>a) Medium</p> <p>b) Low</p>	<p>a) 31-Mar-20</p> <p>b) 31-Mar 21</p>	<p>a) Reported as completed by management in previous follow up reports.</p> <p>Delayed.</p> <p>b) This element of the work has been deprioritised due to the need for staff resources to focus on the COVID 19 related visitor response. We consider it low risk to</p>	<p>a) Complete</p> <p>b) 31-Mar-22</p> <p>5.8. (On hold due to COVID-19)</p>	2

Title	Recommendation	Priority Rating	Planned Implementation Date	Management Comments	Revised Implementation Date	Revised Implementation Date changes
	collection and analysis process remains up to date.			<p>delay the review of the templates by a year.</p> <p>5.7.</p> <p>A revised date for implementation has been provided.</p>		

5.3 Appendix Three – External Audit

Audit	Rec No.	Recommendation	Comments at Audit (if any)	Implementation Date	Responsible Officer	Status
2018/19 2019/20 External Audit	1	<p><u>Pension Scheme Liabilities</u></p> <p>As the initial IAS 19 valuation included within the draft accounts did not incorporate the impact of the McCloud/ Sargeant case, the Authority has obtained a revised IAS 19 valuation from the scheme's actuary. This valuation increased the net liability by £349,000. We are satisfied that following the adjustment (Appendix 2), the Authority has appropriately disclosed its share of the defined benefit pension schemes assets and liabilities within the financial statements in accordance with IAS19. In 2016, the Government announced that Public Sector Pension Schemes needed to review pension data which linked LGPS benefits to contracted out employment and the State Pension. This is known as the Guaranteed Minimum Pension (GMP) data reconciliation review. The purpose of this review is to ensure that records held by the scheme and HMRC are correct. Where the data is incorrect then this could result in an overpayment or</p>	<p>2018/19 Comment Agreed. Management will engage with SPF and the Actuaries during 2019/20 to understand the impact of the case on the pension liability. We would also appreciate if Grant Thornton also kept us abreast of developments across the sector and that we also pick up this issue in our audit planning meetings for the 2019/20 accounts.</p> <p>2019/20 Comment We are reliant on our pension fund administrators, Strathclyde Pension Fund and actuaries to keep us abreast of the impact of the case on the pension liability. The valuation was requested at 31/3/20 and at that point the actuaries had confirmed that there was no change on the McCloud pension liability from 31/3/19. However, with the publication of the government review in July 2020, the position changed and in mid-August SPF received</p>	<p>30-Jun-21 (30-Sep-20) (31-Mar-20) (may be revised to 30/9/21 depending on accounts timetable for 20/21)</p>	Finance Manager	<p>Accounting for estimates and judgements has been a key area in our planning meetings with external audit in November 2020 and January 2021. Discussions have been held around the issues that may impact on the pension fund valuation with external audit at the kick off audit interim meeting in February 2021.</p> <p>At the time of writing, the Authority has yet to receive notification from our pension fund administrators, Strathclyde Pension Fund on the instructions for the 20/21 actuarial valuations. When this is received, the Authority will review the options around scope</p>

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		<p>underpayment in pension. The treatment of overpayments has yet to be finalised by Scottish Ministers and the Authority has therefore excluded any potential impact from the IAS 19 defined benefit pension calculation. The Authority has considered the impact to be immaterial to the pension scheme as a whole, expected to be between 0.2% and 0.3% of scheme liabilities. We concur with Management's assessment and do not identify any material issues with the accounts.</p> <p>Update 2019/20 During 2019/20 the actuarial valuation required to revisited due to developments with the Government's response to the McCloud settlement meaning that the initial estimated liability would be less. It is important that the Authority, through the Pension Fund administrators and actuary have an understanding of likely events or circumstances that may impact on the fund.</p>	<p>notification from the actuaries that the impact of the government consultation was that the estimated impact was that the previously estimated figure may be less than half of what was originally thought. The timings were such that this occurred on the day after audit had identified the issue and so we had already requested a revised valuation in advance of this notification.</p> <p>Management will continue to engage with SPF and the actuaries in 20/21 on any events that may impact the fund. We will continue to engage Grant Thornton on developments across the sector and suggest that we also pick up this issue in our audit planning meetings for the 2020/2021 accounts.</p>			<p>and whether there are any events that may impact on the valuation of the fund.</p>

Audit	Rec No.	Recommendation	Comments at Audit (if any)	Implementation Date	Responsible Officer	Status
2019/20 External Audit	2	Given the significant impact of Covid-19 on the Authority's services, the Authority should review the assumptions contained within the medium term financial forecasts, to assess the extent financial resources are in place to support its delivery. This should also inform any immediate decisions around cost management, ensuring that decision making retains a focus on the longer term strategic objectives of the Authority.	Medium term financial projections to 23/24 were completed in 19/20 as part of the 5 year spending review. Financial risk has been an area of focus for the last few years. However with the impact of COVID-19 on our services, income and costs, this is even more important. Significant work has been undertaken to assess the impact of COVID-19 on the budget for 20/21 and has informed immediate decisions around spend, cost management and decision making. The medium term financial projections and assumptions will be revisited in light of COVID-19, with priority for the 21/22 budget and for the medium term.	31-Mar-21	Director of Corporate Services	Update of the medium term financial plans will be completed in 21/22 given the significant uplift in revenue budget and the 5 year capital settlement received from SG in the last month. The step change in budget allocation means us taking a different approach to budgeting and forecasting, which we will establish and implement over the course of the upcoming budgeting cycles.