



Internal Audit - Audit Plan 2024/25

Agenda Item 9

National Park Authority Audit & Risk Committee Meeting
Tuesday 5th March 2024

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1. Purpose

1.1 The purpose of this paper is to provide details of the Internal Audit plan for 2024/25 and the outputs which the Committee and management can expect from Internal Audit in 2024/25.

2. Recommendation(s)

2.1 Committee is asked to approve the Internal Audit plan for 2024/25.

3. Contribution to National Park Partnership Plan and/or Our 5-year Plan

3.1 The Scottish Public Finance Manual (SPFM) explains that:

‘Internal audit should provide an independent, objective assurance and consulting service designed to add value and improve an organisation's operations. It should provide an appraisal of an organisation's governance, risk management and internal control system and take the action needed to provide Accountable Officers with a continuing assurance that the organisation's risk management, control and governance arrangements are adequate and effective’

3.2 The annual internal audit plan should have relevance to the key risks to the organisation and the strategic objectives of the organisation including as set out in Our 5-Year (Corporate) Plan.

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4. Background

- 4.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within the Loch Lomond and Trossachs National Park Authority ('the Authority'). The annual audit plan is designed to assist the Chief Internal Auditor in formulating that opinion.
- 4.2 In developing the annual audit plan, we:
- Consolidated our understanding of the Authority through discussions with senior officers, attendance at meetings and a review of key strategic documentation;
 - Consulted risk registers to understand the nature of inherent risks facing the Authority; and
 - Reviewed the outputs from previous internal and external reviews at the Authority.
- 4.3 Changes in organisational structures, system developments, changes in working practices and legislative requirements create a constantly changing control environment. Taking these factors into account, the highest risk areas are brought forward in the annual audit plan. Risk is assessed by considering various factors; these include the potential financial impact if controls fail; any changes or new processes/systems that have been implemented and the assessment of senior officers and auditors regarding the effectiveness of controls in key areas. These risk scores are weighted and the highest composite scoring areas are prioritised in the audit plan.
- 4.4 Internal Audit work will be undertaken in accordance with the PSIAS, which have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 4.5 The Internal Audit function is delivered by Audit Glasgow (Glasgow City Council), led by Duncan Black, Head of Audit and Inspection at Glasgow City Council. The day to day management of the audit plan is undertaken by Jillian Campbell, Senior Audit Manager at Glasgow City Council. The Internal Audit team at Glasgow holds the British Standard ISO9001:2015 Quality Management Standard. This Standard has been held for over 20 years and an annual assessment of compliance with the Standard is undertaken by independent British Standard reviewers. The last review undertaken by British Standard reviewers was in February 2023 and confirmed that the Internal Audit team continues to have processes and procedures in place that demonstrate compliance with the requirements of the Standard.
- 4.6 The PSIAS include key principles that public sector Internal Audit functions must follow and cover a range of areas including governance, performance standards and reporting requirements. The PSIAS introduced a requirement for an external assessment of an organisation's Internal Audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside the organisation. The latest external assessment was undertaken in 2021 at Glasgow City Council by the Assistant Director Audit and Risk Management and Principal Group Auditor from Birmingham City Council. The assessment confirmed that Internal Audit conforms to the requirements of the PSIAS.

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5. Summary of the areas for Internal Audit 2024/25

5.1 The following areas are included within the proposed Internal Audit Plan for 2024/25:

- Compliance with mandatory qualifications, training, memberships
- Board Effectiveness
- Programme Management
- Management of Peatland Grant scheme
- Unannounced spot checks

6. Internal Audit Outputs 2024/25

- 6.1 The main output from Internal Audit in 2024/25 will be the Chief Internal Auditor's annual report. This is then used to inform the Loch Lomond & the Trossachs National Park Authority Governance Statement, which is incorporated into the annual accounts. This provides assurance to the Board, the Audit and Risk Committee, and senior management on matters of governance and internal control within the Authority.
- 6.2 The annual report will be based principally on the work undertaken by Internal Audit during the year to complete the audit plan.
- 6.3 The key areas we will cover in 2024/25, and on which we will provide assurance, are shown in **Appendix 1**, together with the main control risks associated with these areas.
- 6.4 The Audit Universe, which details all the key areas we have covered to date and currently plan on covering over the next few years, is included at **Appendix 2**.
- 6.5 The Internal Audit Charter formally defines the purpose, authority and responsibility of Internal Audit. The Audit Charter is included at Appendix 3.

7. Resources

- 7.1 In 2024/25, 34 days are available to carry out assurance audit work, which is in line with previous years.
- 7.2 We have identified a dedicated team to deliver the internal audit plan the Authority, however we are able to draw upon additional audit and specialist resources as required.

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8. Appendices

Appendix 1 – Detailed Internal Audit Plan 2024/25

Appendix 2 – Audit Universe

Appendix 3 – Audit Charter

Author(s): Duncan Black, Chief Internal Auditor, Audit Glasgow
Executive Sponsor: Jane Kemp, Head of Governance and Performance

Internal Audit Plan 2024/25

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
Compliance	<p>Compliance with mandatory qualifications, training, memberships</p> <p>To provide assurance that for a range of mandatory qualifications, training and memberships that arrangements are in place to ensure that these are being met. This will include the Protection of Vulnerable Groups membership; driving licenses; and membership of professional bodies.</p>	6	Q1	Sept 2024	n/a
	<p>Unannounced Spot Checks</p> <p>To provide assurance on the arrangements for income management, information security and physical security at a site within the National Park Authority.</p>	3	Q1/2	December 2024	n/a

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Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
Governance	<p>Board/Committee Effectiveness</p> <p>To provide assurance that the Board is operating as expected in line with best practice; and is fulfilling its duties as detailed in the Board Terms of Reference. This will include consideration of workplans, reporting and skills/training.</p>	5	Q1/2	December 2024	n/a
Finance	<p>Management of the Peatland Grants Scheme</p> <p>To provide assurance that there are adequate arrangements in place to manage the Peatland Grants scheme.</p>	6	Q3	March 2025	n/a
Project Management	<p>Programme Management</p> <p>To provide assurance on the programme management arrangements in place, ensuring that best practice is followed.</p>	8	Q2	December 2024	n/a
Follow up	<p>Audit the progress against Internal Audit recommendations, undertaking additional testing as required. Summary progress updates will be reported to the ARC.</p>	3	Continuous process	Each ARC	n/a

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Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
Head of Audit's Annual Opinion			April 2024	June 2025	n/a
Planning, attendance at meeting, contract management		3	Throughout year	n/a	n/a
TOTAL DAYS		34			

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Appendix 2

Audit Universe – Loch Lomond & the Trossachs National Park Authority (as at June 2020)

Assurance Area	Audit Area	2020/2021	2021/2022	2022/23	2023/24	2024/25
Governance	Assurance Mapping	(4)				
	Reputation Management		(4)			
	Business Continuity		(5)			
	Board Effectiveness					(5)
	Use Of Consultants				(5)	
Compliance	Risk Management		(4)			
	Fleet Management	(8)				
	Health and Safety		(7)			
	Carbon management			(6)		
	Planning		(7)			
	Unannounced spot check visit			(3)		(3)
	Volunteering Team				(5)	
	Asset Management				(6)	
	Compliance with mandatory training, qualifications and memberships					(6)
Projects	Programme Management					(8)
Financial Governance	Financial Governance	(5)				
	Peatland Grant Scheme					(6)
Human Resources	Payroll			(6)		
	Workforce/Succession Planning				(6)	
Procurement	Procurement			(7)		

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Assurance Area	Audit Area	2020/2021	2021/2022	2022/23	2023/24	2024/25
ICT	IT Governance	(5)				
	Application Review		(6)			
	Cyber resilience			(6)	(6)	
Follow up		(4)	(3)	(3)	(3)	(3)
	Planning, attendance at meeting, contract management	(5)	(3)	(3)	(3)	(3)
TOTAL DAYS		31	39	34	34	34

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Internal Audit Charter

(June 2023)

Introduction

The Internal Audit Charter formally defines the purpose, authority and responsibility of Internal Audit, in accordance with the Public Sector Internal Audit Standards (PSIAS) adopted by the Relevant Internal Audit Standard Setters.

Internal Audit is led by the Chief Internal Auditor and reports directly to the Head of Governance and with open access to the Chief Executive.

The Internal Audit Charter will be reviewed and reported to Senior Management and Committee as appropriate.

Definitions

The PSIAS include specific definitions that have been interpreted as:

Chief Audit Executive – the Chief Internal Auditor

Board – the Audit & Risk Committee with responsibility for audit matters

Senior Management – senior officers

Purpose

Internal Audit is defined within the PSIAS as an independent, objective assurance and consulting activity designed to add value and improve an organisations 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

Internal Audit Mission

The mission of Internal Audit is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

The purpose and mission of Internal Audit are achieved through the delivery of the Internal Audit plan which informs the Chief Internal Auditor's annual opinion on the adequacy of the system of internal control. This annual opinion is provided to the Chief Executive, senior officers and the Board/Audit and Risk Committee. It is management's responsibility to implement and maintain effective internal control systems within its area of responsibility. It is Internal Audit's role to assist management by reviewing and evaluating the effectiveness of those control systems.

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Role of the Head of Audit and Inspection

The CIPFA guidance in relation to “The Role of the Head of Internal Audit in Public Service Organisations” is intended to provide best practice for Chief Audit Executives to achieve, and for Boards to measure Internal Audit against. The statement sets out an overarching principles-based framework which applies across the UK public sector. It states that the Chief Audit Executive plays a critical role in delivering an organisation’s strategic objectives by:

- championing best practice in governance and management, objectively assessing the adequacy of the management of existing risks, and commenting on responses to emerging risks and proposed developments; and
- giving an objective and evidence-based opinion on all aspects of governance, risk management and internal control.

Authority

Internal Audit’s authority is derived from policies, procedures, rules and regulations established by the organisation. Internal Audit:

- Has unrestricted access to all records, cash, property, assets and people, where necessary on demand and without prior notice;
- Can obtain information and explanations as it considers necessary to satisfy the probity of any matter under consideration;
- Can require the production of any records and other such property as is deemed necessary, and
- Requires all senior officers to report all actual or perceived losses (cash, stock, equipment or data), all suspected or actual instances of theft, embezzlement, fraud, corruption or any other impropriety.

Scope

The scope of Internal Audit’s work includes:

- All systems, processes, policies, plans and procedures;
- Use and safeguarding of resources and assets, including data;
- Governance and risk management processes;
- Commissioning and procurement;
- Projects and programmes, and
- Whistleblowing and Fraud, including investigation of allegations of fraud and corruption.

Resourcing and Audit Planning

In line with PSIAS requirements Internal Audit develops a risk based audit plan which enables the Chief Internal Auditor to provide an annual opinion on the adequacy of the organisation’s system of internal control. The plan is developed through an assessment of risk and assurance needs and is sufficiently flexible to reflect changing organisational risks and priorities. It is submitted to the Audit & Risk Committee.

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The annual audit plan sets out the planned audit resources for the year with the objective of giving an evidence-based opinion. It is the Chief Internal Auditor's responsibility to ensure that Internal Audit is adequately resourced in order to carry out its function.

Independence and Objectivity

The PSIAS define independence as "freedom from conditions that threaten the ability of the Internal Audit activity to carry out its responsibilities in an unbiased manner". To assist Internal Audit to carry out the role and constructively challenge senior managers, the Chief Internal Auditor is external to the organisation and holds a sufficiently senior position. Senior Officers and those charged with governance have input into the annual audit plan however they do not direct the plan.

Auditors challenge, on the basis of objective evidence, decisions, policies or practices they consider inappropriate or in need of improvement, no matter who is involved in the decision making. It is essential for senior officers and Board/Audit and Risk Committee members to recognise Internal Audit's role and responsibilities and accept Internal Audit comment and advice in this spirit, giving a reasoned response if they take a different view.

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activities or processes audited. They make a balanced assessment of relevant circumstances and are not unduly influenced in forming judgements by their own interests or others.

Objectivity and independence in the provision of advice and guidance are maintained, and conflicts of interest avoided. Internal Audit has no operational responsibility for, or authority over, activities audited and all officers undertaking audit work are required to complete declarations of interest annually, including "nil" returns. Where Internal Audit officers are deemed to have operational involvement, they must remove themselves from any related Internal Audit activity.

Other Work

Internal Audit will consider all requests for additional work, outwith the audit plan, on agreement with relevant senior officers. This includes attendance at working groups and offering advice and guidance. In addition Internal Audit will seek opportunities to share expertise with other public sector organisations, where resources permit and where there is no impact on the ability to deliver the level of assurance required to enable the Chief Internal Auditor to provide an annual opinion.

Quality

All Internal Audit work is undertaken in compliance with the PSIAS and is subject to regular internal quality reviews, with the results of these reviews reported to a Quality Management Review Team. External quality reviews are also undertaken through a 5-yearly external quality assessment. Internal Audit is also ISO9001 quality accredited, which is reviewed annually.

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