



Loch Lomond and the Trossachs National Park Authority

Audit & Risk Committee

Report by Chief Internal Auditor

Contact: Duncan Black

Internal Audit Annual Audit Report 2023/24

Purpose of Report

The attached Annual Audit Report provides members of the Loch Lomond and the Trossachs National Park Authority Audit and Risk Committee with an overview of the work of Internal Audit for the year ended 31 March 2024.

Recommendation

Members are asked to note the content of the report.

1. Introduction

- 1.1 The objective of this report is to provide a review of the performance of Internal Audit for the year 2023/24 and to give an opinion on the adequacy of the Loch Lomond and the Trossachs National Park Authority system of internal control.
- 1.2 Internal Audit is an independent appraisal function, and its objectives as detailed in the Audit Charter are to:
 - examine and evaluate internal control systems and governance arrangements within Loch Lomond and the Trossachs National Park Authority;
 - give assurances to the members of the Audit and Risk Committee, the Board and management on the adequacy and robustness of these systems; and
 - assist members of the Audit and Risk Committee, the Board and management in the effective discharge of their responsibilities.
- 1.3 The work of Internal Audit is based on an annual audit plan which is prepared after a risk assessment of all potential audit issues identified by Internal Audit, the senior management team, members of the Audit and Risk Committee and takes account of the work of the external auditor, Mazars.
- 1.4 Internal Audit adheres to standards and guidelines laid down by relevant bodies and professional institutions. In particular, Internal Audit is required to comply with the Public Sector Internal Audit Standards (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).
- 1.5 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. As part of the standards, Internal Audit is required to undertake annual self-assessments. The PSIAS also 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 of the organisation. The 2023/24 self-assessment and the latest external assessment, undertaken in 2021 by Birmingham City Council, have confirmed that Internal Audit conforms with the requirements of the PSIAS. The next external assessment is not due to take place until 2026. A Quality Assurance and Improvement Programme (QAIP) is in place to further enhance the Internal Audit service (Appendix 2).

The Role of the Chief Internal Auditor

- 1.6 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 Heads of Internal Audit to achieve.
- 1.7 The role of the Chief Internal Auditor to Loch Lomond and the Trossachs National Park Authority meets the principles set out in CIPFA’s statement.

Resourcing

- 1.8 The Chief Internal Auditor reviewed the current number of staff within Internal Audit and the skills of the team and has concluded that it is adequately resourced and has the necessary skills to carry out its function. Summary information is provided in Table 1 for the Internal Audit team as a whole, from which resources can be called to complete the audit plan.

Table 1. Audit Team – Establishment as at 31st March

		2022/23	2023/24
1	Number of CCAB Qualified staff (FTE)	16.68	17.69
2	Number of staff with a recognised Fraud Qualification (FTE)	5.5	4.6
3	Number of Trainees (FTE)	11	9
4	Training Days (incl professional qualification)	323.5	271
5	Training Days per Staff Member	9.8	8.7
6	Sickness absence per staff member (annual target 5 days)	1.8	4.9

* Full Time Equivalent

Performance

- 1.9 **Table 2. 2023/24 Internal Audit Annual Service Plan and Improvement Report (ASPIR) targets**

	ASPIR target	2023/24
1	Complete all required fieldwork to prepare the Annual Opinion	Complete
2	Maintain British Standards Institute ISO 9001:2015 accreditation	Compliant
3	Internal and External quality assessments against Public Sector Internal Audit Standards	Compliant

Audit plan management – Planned Assurance Work

1.10 During 2023/24 we have undertaken five assurance reviews as part of the programme of work agreed by the Audit and Risk Committee. In total 34 days were spent undertaking this work. The five assurance reviews completed as part of the 2023/24 plan covered:

- Workforce/succession planning
- Use of consultants
- Asset management
- Volunteering Team
- Cyber Incident Response Planning

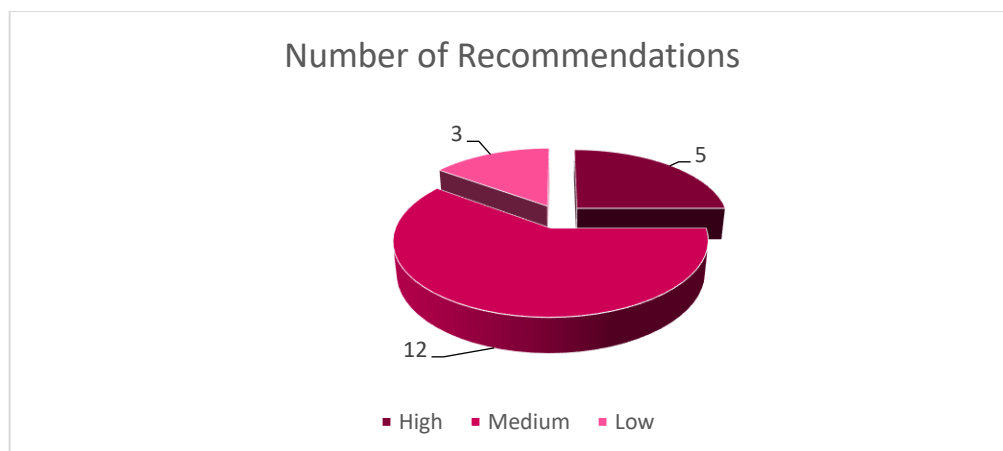
2. 2023/24 Audit Workplan

2.1 There were no changes to the audit plan as approved by the Audit and Risk Committee at its meeting in March 2023. The results of all assurance audits undertaken are reported to the Audit and Risk Committee and Internal Audit will undertake follow up work during 2024/25 to confirm implementation of the agreed recommendations. Committee will be provided with regular updates on this work.

3. 2023/24 Audit issues

3.1 Where the audit opinion arising from an audit states that the control environment has been assessed as unsatisfactory the concerns highlighted are reported here. In 2023/24 there were no unsatisfactory audit opinions issued.

3.2 As part of our work we made 20 recommendations/opportunities for improvement. The recommendations were categorised as follows:



4. Opinion

4.1 Loch Lomond and the Trossachs National Park Authority has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the

risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

- 4.2 As part of our reviews we have identified improvements to the internal control environment, which have been accepted by management. We will monitor the implementation of these improvements during 2024/25 through follow up audits.
- 4.3 Based on the audit work undertaken and the assurances provided by the Executive Team, but excluding the issues noted above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2023/24 within Loch Lomond and the Trossachs National Park Authority.

Duncan Black
Chief Internal Auditor
Audit Glasgow

June 2024

Appendix 2: Quality Assurance and Improvement Programme (QAIP)

Introduction

Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit Service that Internal Audit:

- Performs its work in accordance with its Audit Charter, which is consistent with the Public Sector Internal Audit Standards, Definition of Internal Auditing, Code of Ethics and ISO 9001: 2015,
- Operates in an efficient and effective manner; and
- Is adding value and continually improving Internal Audit operations.

The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of Internal Audit activities. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

Internal Assessment

Internal assessment is made up of both ongoing reviews and periodic reviews.

Ongoing reviews

Ongoing assessments are conducted through:

- Audit Manager supervision of all audit assignments.
- Audit Manager review of electronic working papers and associated evidence during each audit assignment.
- Audit policies and procedures used for each audit assignments including the Audit Manual, and Quality Policies and Guidance Notes to ensure compliance with applicable planning, fieldwork and reporting standards.
- Customer surveys for audit assignments to gain client feedback which feeds through to improvement plans and opportunities for improvement.
- Analysis of key performance indicators to manage Internal Audit effectiveness and efficiency.
- All draft and final reports are reviewed by a member of the Internal Audit Senior Management team prior to issue.

Periodic reviews

Periodic assessments are designed to assess conformance with the Audit Charter, the Public Sector Internal Audit Standards, Definition of Internal Auditing, the Code of Ethics and the Quality procedures and are conducted through:

- Internal quality audits undertaken in accordance with the Internal Audit Quality Procedures.
- Review of internal audit performance key performance information by the Senior Management team.
- Regular Managers meetings to discuss ongoing performance issues and delivery of the Audit Plan.
- Regular activity and performance reporting to the Head of Governance and Performance.
- Annual self assessment review of compliance with the Public Sector Internal Audit Standards.
- 6 monthly activity and performance reporting.
- Chief Internal Auditor's Annual Report on internal audit activity for the previous year.

External Assessment

External Assessment will appraise and express an opinion about Internal Audits conformance with Standards.

An External Quality Assessment (EQA) will be conducted every five years by a qualified, independent assessor from outwith the Council. The current EQA was undertaken by Birmingham City Council during 2020/21 and is therefore not due again until 2025/26. The EQA undertaken by Birmingham City Council identified four actions to improve on current arrangements. All actions were completed.

An annual review, and three-year re-certification review is undertaken by British Standards assessors as a requirement of our ISO9001:2015 accreditation. The latest review was undertaken in February 2024 and confirmed compliance.

Reporting

Internal Assessments – reports on internal assessments are reported to the Internal Audit Senior Management Team.

External Assessments – results of external assessments will be reported to the Committee responsible for Audit matters.

Follow up – the Chief Internal Auditor will be responsible for implementing all agreed actions arising from both internal and external assessments within the agreed timeframes.