



**Loch Lomond & the Trossachs National Park Authority**

**Audit & Risk Committee**

**Report by Chief Internal Auditor**

**Contact: Duncan Black**

**Internal Audit Annual Audit Report 2024/25**

**Purpose of Report**

The attached Annual Audit Report provides members of the Loch Lomond & the Trossachs National Park Authority Audit and Risk Committee with an overview of the work of Internal Audit for the year ended 31 March 2025.

**Recommendation**

Members are asked to note the content of the report.

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## **1. Introduction**

- 1.1 The objective of this report is to provide a review of the performance of Internal Audit for the year 2024/25 and to give an opinion on the adequacy of the Loch Lomond & the Trossachs National Park Authority system of internal control.
- 1.2 Internal Audit is an independent appraisal function 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 and is underpinned by the Audit Charter.
- 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. During 2024/25 Internal Audit was required to comply with the Public Sector Internal Audit Standards (PSIAS) as 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). From 1 April 2025, Internal Audit is required to comply with the requirements of the new Global Internal Audit Standards (in the UK Public Sector).
- 1.5 For the financial year 2024/25, 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 2024/25 self-assessment and external assessment undertaken in 2020/21 by Birmingham City Council have confirmed that Internal Audit conforms with the requirements of the PSIAS. The next external assessment is due in 2026, this will be testing compliance with the requirements of the Global Internal Audit Standards (in the UK Public Sector). 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 & 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 31<sup>st</sup> March**

		2024/25	2023/24
1	Number of CCAB Qualified staff (FTE*)	13.8	17.7
2	Number of staff with a recognised Fraud Qualification (FTE)	4.6	4.6
3	Number of Trainees (FTE)	10	9
4	Number of technical staff (FTE)	1	1
5	Training Days (incl. professional qualification)	281	271
6	Training Days per Staff Member	9.9	8.7
7	Sickness absence per staff member (annual target < 5 days)	11.7	4.9

\* Full Time Equivalent

- 1.9 Table 1 shows that there has been a net reduction in the number of qualified staff from the previous year. The recruitment market for qualified accountants and auditors remains very challenging and therefore when staff accept external opportunities, it is currently difficult to backfill these posts. Our focus remains on “growing our own” through our graduate and apprentice trainee program.
- 1.10 There was also a spike in sickness absence, exceeding our target days. Management continued to apply the Council’s Attendance Management Policies with support from colleagues in HR.

## Performance

### 1.11 Table 2. 2024/25 Internal Audit Annual Service Plan and Improvement Report (ASPIR) targets

	ASPIR target	2024/25
1	Complete all required fieldwork to prepare the Annual Opinion	<b>Complete</b>
2	Maintain British Standards Institute ISO 9001:2015 accreditation	<b>Compliant</b>
3	Internal and External quality assessments against Public Sector Internal Audit Standards	<b>Compliant</b>

### Audit plan management – Planned Assurance Work

1.12 During 2024/25 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 2024/25 plan covered:

- Compliance with Mandatory Qualifications, Training and Memberships
- Unannounced Spot Checks
- Board Effectiveness
- Management of the Peatland Grant Scheme
- Project Management

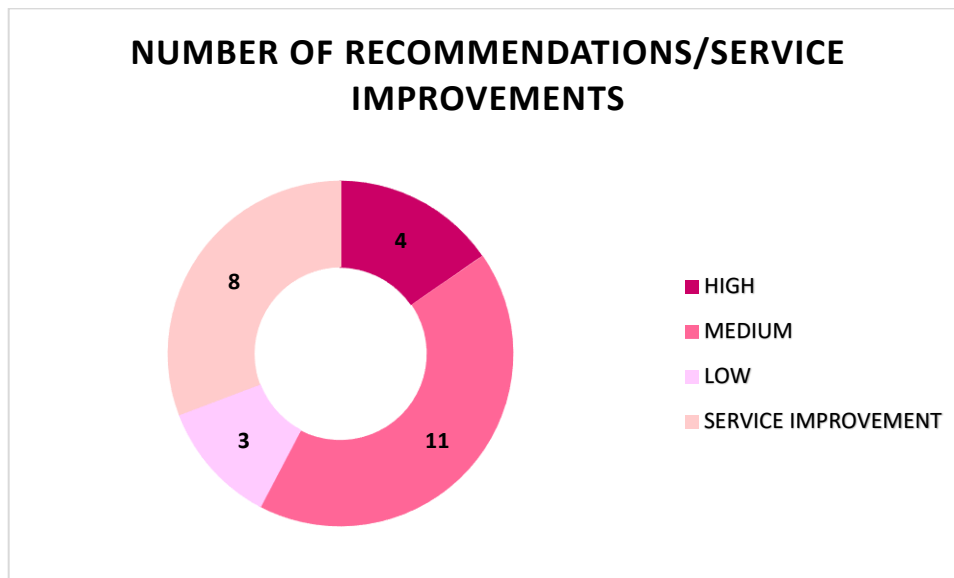
## 2. 2024/25 Audit Workplan

2.1 The results of all assurance audits undertaken are reported to the Audit and Risk Committee and it is recommended that updates are provided to the Committee on the implementation of the agreed recommendations.

## 3. 2024/25 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 2024/25 there were no unsatisfactory audit opinions issued.

3.2 As part of our work we made 18 recommendations and 8 service improvements. These were categorised as follows:



- 3.3 Although Azets will now be responsible for confirming implementation of outstanding recommendations, it was agreed that Audit Glasgow would undertake the follow up work for a number of previously agreed recommendations, focusing on the recommendations that had been ongoing for an extended period of time. During the period 1<sup>st</sup> April 2025 and 27<sup>th</sup> May 2025, management successfully implemented five recommendations. These related to Fleet Management (1 Medium Priority ), Estates Management (1 High and 1 Medium Priority) and Cyber Incident Response Planning (1 High and 1 low Priority).

#### 4. Opinion

- 4.1 Loch Lomond & 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.
- 4.3 Based on the audit work undertaken and the assurances provided by the Executive Team, but excluding any 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 2024/25 within Loch Lomond & the Trossachs National Park Authority.

**Duncan Black**  
**Chief Internal Auditor**  
**Audit Glasgow**

**June 2025**

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## **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 2025 and confirmed compliance.

Internal Audit Senior Management is currently working on the gap analysis of current arrangements with the requirements of the Global Internal Audit Standards (in the UK Public Sector), with a view to being fully compliant by 31 March 2026 in time for the external assessment.

## **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.