

**ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT  
2021/22 AND AUDIT PLAN 2022/23**

Presented by Corporate Director (Sport and Leisure)

**SUMMARY**

The purpose of this report is to inform Members about the work of the Internal Auditors (Mazars) during the financial year 2021/22.

The Audit Plan for 2021/22 was approved by the Audit Committee in July 2021 (Paper AUD/121/21). The audit of the Authority's functions has been in accordance with that Plan and has been found to be satisfactory and the level of assurance is noted as 'Moderate'.

The report also sets out a plan for audit during 2022/23.

**RECOMMENDATIONS**

- Members Note: (1) the annual report of the Internal Auditors for 2021/22 detailed in Appendix A to this report; and
- Members Approve: (2) the annual Audit Plan for 2022/23 as detailed in Appendix B to this report.

**BACKGROUND**

- 1 The Audit Plan for 2021/22 was approved at a meeting of the Audit Committee in July 2021 (Paper AUD/121/21). This report looks at the delivery of that Plan and summarises the scope of audit coverage during the last financial year.
- 2 Mazars have prepared a comprehensive report of this years' audit and the majority of the agreed Plan has been completed. 2022/23 will be the fifth year of a six year contract under a framework agreement held by the London Borough of Croydon and approved by Members of this committee (Paper AUD/85/18 22 February 2018).

**AUDIT WORK – 2021/22**

- 3 The majority of the planned audit activity was completed in accordance with the

2021/22 Plan although, due to the ongoing Covid-19 pandemic, reviews in the Plan were delivered in a hybrid manner and consideration of whether individual audits required on-site work. Spot checks involved on-site work and review of physical records, as did the review of Cash and Banking, with other audit fieldwork being performed remotely through reference to electronic evidence, use of video-conferencing and screen sharing. Overall there was minimal impact on the scope and ability to conduct the work.

- 4 Mazars have prepared a comprehensive report summarising the reviews and their findings and this is attached as Appendix A to this report.
- 5 In all audits recommendations of differing priority (i.e. priority 1, 2 and 3) were made to improve the system of internal control and these recommendations were accepted. Follow-up reviews will be undertaken in the next twelve months to ensure appropriate action has been taken.

#### **AUDIT FINDINGS – 2021/22**

- 6 The full report from Mazars is attached at Appendix A to this report for Members information and will be presented by the Internal Auditor during the Committee.
- 7 The key message of the auditor's report is embodied in the Audit Opinion shown on page 2 of Appendix A to this report. This states:

“On the basis of our audit work, our opinion on the framework of internal control is Moderate in its overall adequacy and effectiveness.

Certain weaknesses and exceptions were highlighted by our audit work, three of which were assessed as Priority 1 within our review of HR Processes – Leave/Absence for which we provided Limited assurance overall. In the other four assurance based reviews, all received Moderate assurance, and no other Priority 1 recommendations were raised in the course of our audit fieldwork.

These matters have been discussed with management, to whom we have made several recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.”

- 8 The Summary of Internal Audit work for each Audit carried out in 2021/22 (page 6/7 in Appendix A to this report) summarises the main level of assurance for each of the five areas evaluated. All areas audited indicated moderate assurance with one area receiving limited assurance. The area with limited assurance was:

- **HR – Leave/Absence**

Staff who were previously employed by Lee Valley Leisure Trust Ltd (the Trust) had not been added to the Authority's HR system (Genesis) to manage leave. As a temporary measure before their transfer to a new provider, an excel spreadsheet ('Absence Calendar') was provided to these venues to use as an interim measure for recording approved leave. Whereas most Authority staff annual leave has line manager approval enforced through Genesis workflows, staff in former Trust venues had annual leave manually input on 'Absence Calendar' spreadsheets,

without the same system-enforced controls over line manager approval. In addition, none of the formerly Trust-managed venues, apart from the Lee Valley White Water Centre, had any sick leave or other absences tracked, or distinguishable from annual leave, on their absence calendar spreadsheets.

With the commencement of the Leisure Service Contract on 1 April 2022 this position will be resolved as all staff within the Authority's control will be managed through the Genesis system.

All priority 1 recommendations made in individual Audit Reports to improve the internal control environment are implemented immediately (or as soon as is practical to do so). Where priority 2/3 recommendations are made, management consider this in context of the risk and resource required to make the improvement and prepare a written response to the auditors setting out plans for implementation, including the officer responsible and the timing of any implementation.

Financial systems are reviewed on a cyclical basis by the auditors based upon the level of risk in any particular area. 2021/22 provided moderate assurances in the areas audited as has been the case in previous years, although the Budgetary Control audit was deferred due to the Covid situation prevailing at the time.

- 9 All key findings and recommendations from all the audits in 2021/22 will be monitored by the auditors during 2022/23. Adequate follow-up time to do this has been incorporated into the Audit Plan for the year ahead.

#### **ANNUAL AUDIT PLAN - 2022/23**

- 10 Appendix B to this report sets out a summary Plan for Audit during 2022/23. The Plan takes into account the following:
- the Authority's Strategic Risk Register;
  - internal audit findings from previous years' audit work;
  - planned developments/changes within the Authority;
  - the requirements of the Authority's external auditors; and
  - specific pro-active work on a counter fraud programme.
- 11 There are 97 days to allow completion of the Audit Plan in 2022/23 reflecting the focus on a risk based approach; and Members are asked to approve the Plan as set out in Appendix B of this report.

#### **ENVIRONMENTAL IMPLICATIONS**

- 12 There are no environmental implications arising directly from the recommendations in this report.

#### **EQUALITY IMPLICATIONS**

- 13 There are no equality implications arising directly from the recommendations in this report.

## FINANCIAL IMPLICATIONS

- 14 Financial systems are audited on a cyclical basis. The table below shows the coverage over the past three years and demonstrates a robust approach to financial management that has been maintained across the Authority.

Audit	2019/20	2020/21	2021/22	2022/23 Plan
Payroll	N/A	Substantial	N/A	N/A
Debtors	N/A	N/A	N/A	N/A
Creditor	N/A	N/A	N/A	N/A
Treasury Management	N/A	Substantial	N/A	N/A
Budgetary Control	N/A	N/A	Deferred	Scheduled
Cash & Banking	N/A	N/A	Moderate	N/A
Debt Management	N/A	Substantial	N/A	N/A
Stock Control Procedures	N/A	N/A	Moderate	N/A
High Risk Transactions Credit Cards & Key Controls	N/A	Substantial	N/A	N/A
Fraud prevention / detection	N/A	N/A	N/A	Scheduled
Campsites financial systems	N/A	N/A	N/A	Scheduled

## HUMAN RESOURCE IMPLICATIONS

- 15 There are no human resource implications arising directly from the recommendations in this report.

## LEGAL IMPLICATIONS

- 16 There are no legal implications arising directly from the recommendations in this report.

## RISK MANAGEMENT IMPLICATIONS

- 17 There are no risk management implications arising directly from the recommendations in this report.

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## PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/121/21	Annual Report on the Work of Internal Audit 2020/21 & Audit Plan 2021/22	22 July 2021
Audit Committee	AUD/110/20	Annual Report on the Work of Internal Audit 2019/20 & Audit Plan 2020/21	25 June 2020
Audit Committee	AUD/98/19	Annual Report on the Work of Internal Audit 2019/20 & Audit Plan 2020/21	20 June 2019
Audit Committee	AUD/88/18	Annual Report on the Work of Internal Audit 2018/19 & Audit Plan 2019/20	21 June 2018

Audit Committee	AUD/85/18	Award of Internal Contract	22 February 2018
Audit Committee	AUD/77/17	Annual Report on the Work of Internal Audit 2017/18 & Audit Plan 2018/19	22 June 2017
Audit Committee	AUD/69/16	Annual Report on the Work of Internal Audit 2016/17 & Audit Plan 2017/18	16 June 2016
Audit Committee	AUD/64/16	Award of Internal Audit Contract	25 February 2016
Audit Committee	AUD/61/15	Annual Report on the Work of Internal Audit 2014/15 & Audit Plan 2015/16	25 June 2014
Audit Committee	AUD/51/14	Annual Report on the Work of Internal Audit 2013/14 & Audit Plan 2014/15	19 June 2014
Audit Committee	AUD/41/13	Annual Report on the Work of Internal Audit 2012/13 & Audit Plan 2013/14	20 June 2013
Audit Committee	AUD/28/12	Annual Report on the Work of Internal Audit 2011/12 & Audit Plan 2012/13	28 June 2012
Audit Committee	AUD/20/11	Annual Report on the Work of Internal Audit 2010/11 & Audit Plan 2011/12	02 June 2011
Audit Committee	AUD/07/10	Annual Report on the Work of Internal Audit 2009/10 & Audit Plan 2010/11	20 May 2010

#### **APPENDICES ATTACHED**

Appendix A	Internal Annual Audit Report 2021/22
Appendix B	Internal Audit Plan 2022/23

#### **LIST OF ABBREVIATIONS**

IT	Information Technology
PSIAS	Public Sector Internal Audit Standards
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships) (now in administration)

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Lee Valley Regional Park Authority - Internal Audit Annual Report  
For the year ended 31 March 2022  
June 2022





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### *Disclaimer*

This report ("Report") was prepared by Mazars LLP at the request of Lee Valley Regional Park Authority and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Lee Valley Regional Park Authority and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A3 of this report for further information about responsibilities, limitations and confidentiality.



## 01 Introduction

### Background

Lee Valley Regional Park Authority (Authority) utilising the APEX Framework with the London Borough of Croydon have commissioned Mazars LLP to provide it with internal audit services.

This Annual Report covers the work we have undertaken for the year ended 31 March 2022 (2021/22) and incorporates our internal audit opinion.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal annual reporting requirements set out in the UK Public Sector Internal Audit Standards (PSIAS).

### Scope and purpose of internal audit

This opinion forms part of the framework of assurances that is received by the Authority and should be used to help inform the Annual Governance Statement. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

Our professional responsibilities as internal auditors for the year ended 31 March 2022 are set out within the PSIAS. This includes the Core Principles for the Professional Practice of Internal Auditing and Code of Ethics. In conducting our work, we also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life ('Nolan principles').

This report covers the internal audit activity for 2021/22 and summarises matters which came to our attention during the year. Such matters have been included within our reports to the Audit Committee (AC) during the course of the year.

### Acknowledgements

We are grateful to the management and staff throughout the Authority for the assistance provided to us during the 2021/22 financial year.

## 02 Internal Audit work undertaken in 2021/22

Our Internal Audit Plan for 2021/22 (Plan) was considered and approved by the AC at its meeting on 22 July 2021. The Plan was for a total of 120 days including 7 days Follow Up, 10 days Management and Consultation, and 20 days of contingency.

We were in regular contact with the Authority during the year to ensure the plan and timings remained attuned to the needs of the organisation and reflected their current risks. The following audits within the Plan have not been completed within the year:

- **Key Financial Systems: Budgetary Control:** this audit was initially planned for March 2022. In light of resource demands arising from year-end processes as well as the transfer of Leisure Services to the new Provider (GILL), Authority management opted to defer this fieldwork to the 2022/23 plan; and
- **Contract Management:** 15 days of specialist contract management were included within the Plan. Of these, three days were used to provide assurance over the Grounds Maintenance contract. Further scoping work was also undertaken regarding the Authority's Health and Safety contract procurement, however this has been considered for delivery within the 2022/23 plan.

Our reviews in the Plan were delivered in a hybrid manner in light of Covid-19 restrictions, and consideration of whether individual audits required on-site work. Our spot checks involved on-site work and review of physical records, as did our review of Cash and Banking. Other audit fieldwork was performed remotely through reference to electronic evidence, and use of video-conferencing and screensharing. Overall, there was minimal impact on the scope and ability to conduct the work and with the exception of the above reviews, we have completed all other reviews in the Plan.

One contingency day was utilised as part of the Plan. This related to the cancellation at short notice of our initial planned spot check of the VeloPark.

The audit findings in respect of each review, together with our recommendations for action and the management response were set out in our detailed reports. A summary of the reports we have issued is included at Appendix A1. The appendix also describes the levels of assurance we have used in assessing the control environment and effectiveness of controls and the classification of our recommendations.

## 03 Annual opinion

### Scope of the Internal Audit Opinion

In giving our annual audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Authority is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all internal audits undertaken in the Plan for 2021/22;
- The results of follow up action in respect of previous internal audits;
- Whether or not any Priority 1 or Priority 2 recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the AC;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been

covered to date.

### Impact of Covid-19 on internal audit work during the year

During the year, we have consulted Management through regular liaison about changes to the Plan for 2021/22 and internal audit reviews to take account of the impact of Covid-19 on the organisation and the changing risk landscape.

Whilst some work within the Plan was conducted remotely, there was no significant impact on the scope and our ability to conduct the remaining audits. The two changes to the original audit plan (see Section 02) arose from operational considerations and timing, as opposed to being driven by Covid pressures.

During the year we have periodically attended the AC and provided updates on progress against the Plan.

### Internal Audit opinion

On the basis of our audit work, our opinion on the framework of internal control is Moderate in its overall adequacy and effectiveness.

Certain weaknesses and exceptions were highlighted by our audit work, three of which were assessed as Priority 1 within our review of HR Processes – Leave/Absence for which we provided Limited assurance overall. In the other four assurance based reviews, all received Moderate assurance, and no other Priority 1 recommendations were raised in the course of our audit fieldwork.

These matters have been discussed with management, to whom we have made several recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

In reaching this opinion, the following factors were taken into particular consideration:

### Corporate Governance and Risk Management

Our opinion in this area was informed by consideration of this area through

our individual assignments including, where relevant, reporting to Committee and the Board through (including the AC) with no significant issues arising.

#### **Internal control**

Of the five audits undertaken in the year where we provided a formal assurance level, four were given a 'Moderate' level of assurance (Stock Control, Key Financial Controls – Cash and Banking, Procurement, and IT - GIS) and one a 'Limited' level of assurance (HR – Leave/Absence). No audits were given 'No' level of assurance.

In respect of the four Spot Check audits, our Audit reviews did not provide assurance opinions, however we did raise prioritised recommendations for management to consider. They observed the process followed and provided feedback to the Authority as part of the observed practises.

During the year, we have made three 'Priority 1' recommendations, and these are summarised in Appendix A2 of this report. All these were made in the HR – Leave/Absence report. We have also made 21 recommendations categorised as 'Priority 2' and eight which are Priority 3.

#### **Follow Up**

In respect of follow up of recommendations, internal audit has an established process for tracking the implementation of recommendations raised and to report on their status. During the year, we reviewed the implementation of recommendations when they reached their expected completion date and confirmed their implementation status. A number of recommendations raised in previous years in relation to the Trust were deemed to be no longer applicable. Overall, the rate of overdue recommendations closed (either Implemented or Superseded) was 71% (29 of 41).

All recommendations made during the year were accepted by Management and will be followed up as part of the Plan for 2022/23.

## 04 Benchmarking

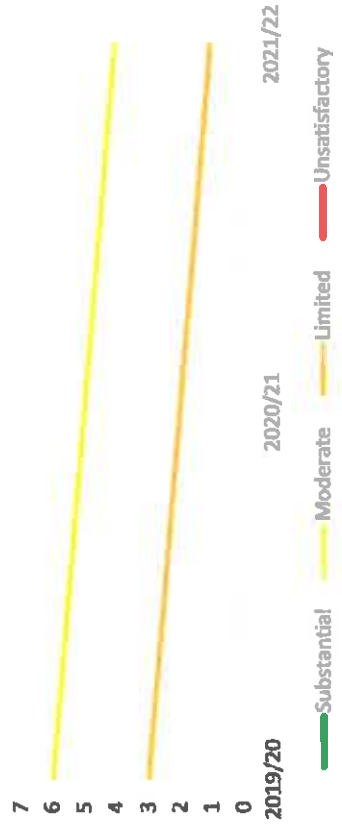
This section compares the Assurance Levels (where given) and categorisation of recommendations made at the Authority.

Please note we have revised our definitions for the 2021/22 year to align with wider sector definitions and practices. Under this process, our four-step assurance opinions have been reviewed as follows (New Definition/Old Definition): Substantial/Full, Moderate/Substantial, Limited/Limited, and Unsatisfactory/Nil. For ease of comparison assurance opinions from previous years have been converted to the current equivalent.

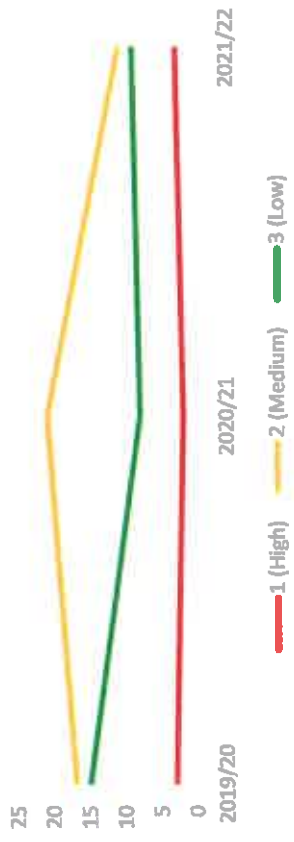
It should be noted that the total number of assurance reviews completed has reduced over recent years, however our plan for 2021/22 did include four spot checks of leisure sites where recommendations were made, albeit without an overall assurance opinion. Details of our advisory work are set out in Appendix 4.

### Comparison of Assurance Levels (where given) and Recommendations by categorisation

#### Year-on-year Assurance Levels Comparison



#### Year-on-year Recommendation Priority Comparison



N.B. Recommendations recorded here exclude those recommendations made in reports without assurance opinions provided. Full details of all audit work carried out and recommendations made can be found within Appendix A1.

The breakdown of Priority 1, 2, and 3 recommendations remains broadly in line with previous years, albeit reduced in volume in parallel with the reduced number of assurance audits completed in 2021/22. The proportion of Priority 2 recommendations has fallen from 2020/21, where audits of Core Financial Controls and Staff Induction and Performance raised a large number of Priority 2 findings.

## 05 Performance of Internal Audit

### Compliance with professional standards

Our work performed conforms to PSIAS, which includes the Core Principles for the Professional Practice of Internal Auditing and Code of Ethics. In conducting our work we also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life ('Nolan principles').

In accordance with PSIAS, Mazars was subject to an External Quality Assessment in 2019, which confirmed Mazars conforms to the requirements of the International Practice Framework for Internal Audit and PSIAS.

### Performance Measures

We have completed our audit work in accordance with the agreed Plan and each of our final reports has been reported to the Audit Committee.

Periodic meetings have been conducted with Management over the period to monitor progress against the Plan.



### Independence and objectivity

There have been no impairments to independence and objectivity during the year covered by this Annual Report.

### Internal Audit Quality Assurance

In order to ensure the quality of the work we perform, we have a programme of quality measures, which includes:

- Supervision of staff conducting audit work;
- Review of files of working papers and reports by managers and partners;
- Annual appraisal of audit staff and the development of personal development and training plans;
- Sector specific training for staff involved in the sector;
- Regular meetings of our Sector Strategy Groups, which issues technical guidance to inform staff and provide instruction with regard to technical issues; and
- The maintenance of the firm's Internal Audit Manual.

## A1 Summary of Internal Audit work undertaken in 2021/22

The following reviews were undertaken during the 2021/22 audit year:

Auditable Area	Level of Assurance (evaluation / testing)	Days		Recommendations				Total agreed by Management
		Budget	Actual	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)	Total	
Key Financial Controls – Cash and Banking	Moderate	8	8	0	4	2	6	6
Key Financial Controls – Budgetary Control	N/A - Deferred	7	0	0	-	-	-	-
Stock Control	Moderate	4	4	-	2	2	4	4
HR – Leave/Absence	Limited	8	8	3	2	1	6	6
Procurement	Moderate	7	7	-	1	2	3	3
IT Strategy : Geographic Information System (GIS)	Moderate	10	10	-	2	2	4	4
Contract Management	N/A - Advisory	15	3	-	-	-	-	-
Spot Check – Hockey & Tennis Centre	N/A - Advisory	6	6	-	-	-	7*	7*
Spot Check – Athletics Centre	N/A - Advisory	6	6	-	-	-	11*	11*
Spot Check – White Water Centre	N/A - Advisory	6	6	-	-	-	16*	16*
Spot Check – Velopark	N/A - Advisory	6	7	-	-	-	7*	7*



Auditable Area	Level of Assurance (evaluation / testing)	Days		Recommendations				Total agreed by Management
		Budget	Actual	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)	Total	
Follow-Up	N/A	7	7	5	4	3	12	23
Totals***		90	72	3	11	9	23	23
%				13%	48%	39%	100%	100%

\*Recommendations are recorded in our spot check findings, however, in line with previous years, priority ratings are not assigned.

\*\*No new recommendations raised in the course of follow-up fieldwork, however recommendations seen as not implemented or only partly implemented were highlighted in our reporting.

\*\*\*Totals exclude days given over to audit management (10) and contingency (20).



## Assurance rating, recommendation level, and annual opinion definitions

We use the following levels of assurance and recommendation classifications within our audit reports:

Assurance Level	Evaluation and Testing Conclusion
<p><b>Substantial</b></p>	<p>The framework of governance, risk management and control is adequate and effective.</p>
<p><b>Moderate</b></p>	<p>Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.</p>
<p><b>Limited</b></p>	<p>There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.</p>
<p><b>Unlimited</b></p>	<p>There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.</p>
Recommendation Grading	Definition
<p><b>Priority 1 (High)</b></p>	<p>Major issues for the attention of senior management and the Audit Committee</p>
<p><b>Priority 2 (Medium)</b></p>	<p>Important issues to be addressed by management in their areas of responsibility.</p>
<p><b>Priority 3 (Low)</b></p>	<p>Minor issues resolved on site through discussions with local management.</p>



## A2 Priority 1 Recommendations Raised during 2021/22

Report	Recommendation	Rationale	Management Response	Responsibility and Deadline
<p>HR-Leave/Absence</p> <p><b>Use of Manual Leave Tracking</b></p> <p>Venues should track absence and annual leave on the calendar format, which is provided by HR, or to an equivalent level of detail.</p> <p>All venues should be able to demonstrate clear details of employees' remaining leave entitlement, as well as the approval and supporting evidence (as applicable) linked to all leave taken.</p> <p>HR should periodically review venues' leave tracking arrangements in the lead-in to transfer to the new provider to allow sufficient time to resolve any issues.</p>	<p>Staff who were previously employed by the Trust have not been added to the Authority's HR system (Genesis) to manage leave. As a temporary measure before their transfer to a new provider, an excel spreadsheet ('Absence Calendar') was provided to these venues to use as an interim measure for recording approved leave.</p> <p>We conducted a random sample test of two members of staff for four former Trust venues (8 in total) taking annual leave in the past six months. All venues used a different system for logging annual leave. Only the WWC used the calendar provided by HR. Others had used variations on the absence calendar or developed their own, and did not capture full details, which has been subject to separate recommendations (see 3.3-3.4).</p> <p>If all venues used the same calendar, it would make annual leave easier to track, providing greater transparency meaning that administrative errors become less likely.</p> <p>Where manually tracked leave records are incomplete, or inconsistently maintained, there is a risk that these systems will be susceptible to human error or fraud, resulting in staff being granted more, or less, leave than they are entitled to. There is also an increased risk that</p>	<p>Agree. All LSC venues (previously trust-managed venues) will be informed to use the set format by HR and these will be reviewed prior to transfer to GLL.</p>	<p>Head of HR 1 January 2022</p>	

Report	Recommendation	Rationale	Management Response	Responsibility and Deadline
<p>HR - Leave/Absence</p>	<p><b>Approval of Leave.</b> Formerly Trust-managed venues should clearly record the approval for all types of leave, including the person approving the leave.  This may involve using a separate mechanism for capturing approval in writing, or email evidence</p>	<p>leave will not be approved in compliance with the Authority's procedures.</p> <p>Whereas most Authority staff annual leave has line manager approval enforced through Genesis workflows, staff in former-Trust venues have annual leave manually input on 'Absence Calendar' spreadsheets, without the same system-enforced controls over line manager approval.</p> <p>From our random sample of two members of staff for four of the formerly Trust-managed venues (eight in total) taking annual leave in the past six months, there was no record of authorisation recorded in six cases (other than the presence of the leave on the spreadsheets). It was not possible to determine for our sample who had approved the leave nor, where managers had taken leave, who had acted as approver for them.</p> <p>Where manual approval methods are used in place of system-enforced workflows, leave usage may be subject to manipulation or error resulting in employees taking more leave than their entitlement, or not being able to use their entitled amount.</p>	<p>There is already an annual leave record form, which should be used for requesting and approving leave, as per the annual leave procedure.</p> <p>Managers and staff will be reminded to use this form when we inform them about using the set template spreadsheet as per recommendation 3.2.</p>	<p>Head of HR 1 January 2022</p>
<p>HR - Leave/Absence</p>	<p><b>Supporting evidence for sickness or other leave.</b> Venues should investigate and clarify sickness leave taken. Formerly Trust-managed venues should maintain</p>	<p>None of the formerly Trust-managed venues, apart from the WWC, had any sick leave or other absences tracked, or distinguishable from annual leave, on their absence calendar spreadsheets. We were unable to readily identify sick leave taken, and therefore no sample could be selected to confirm approval</p>	<p>When we ask managers to ensure they are using the leave calendar spreadsheet set by HR, we will inform them that this must be used to record sickness and other absences as well as annual leave. We will also ask them to add on sick leave take retrospectively, so HR can</p>	<p>Head of HR 31 January 2022</p>

Report	Recommendation	Rationale	Management Response	Responsibility and Deadline
	<p>supporting auditable records to substantiate leave where required by the Authority's policies, such as doctor's notes.</p>	<p>of such leave in line with the Authority's procedures and with supporting evidence such as doctor's notes.</p> <p>There is a risk that employees could be taking undeclared / unlogged sickness leave without this being recorded and effectively tracked. Where this has implications for pay regarding SSP, it will not be possible to check whether the member of staff was compensated correctly.</p>	<p>ensure self cert forms or doctors notes have been obtained where necessary.</p>	

## A3 Statement of Responsibility

We take responsibility to Lee Valley Regional Park Authority for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Lee Valley Regional Park Authority  
**Internal Audit Strategy, Operational Plan  
2022/23 and Charter**  
Draft for Audit Committee review

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Date: June 2022

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## Statement of Responsibility

### Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of the Lee Valley Regional Park Authority (LYRPA) and terms for its preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist or of all the improvements that may be required. The Report was prepared solely for the use and benefit of the LYRPA and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extracts, reinterpretation, amendment and/or modification. Accordingly any reliance placed on the Report, its contents, conclusions, any extracts, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility on the final page of this report for further information about responsibilities, limitations and confidentiality.

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# 01

Section 01:  
**Introduction**





## Introduction

Mazars LLP was reappointed as internal auditors to the Lee Valley Regional Park Authority (LVRPA) from 1 April 2018. Since this time we have presented an annual Operational Plan (Plan) to the Audit Committee (AC).

For 2022/23, in addition to presenting an Plan we have also developed a three-year Internal Audit Strategy (Strategy). The Strategy is used to direct Internal Audit resources to those aspects of the organisation that are assessed as generating the greatest risk to the achievement of its objectives. This will remain subject to review and update on at least an annual basis to ensure it meets the needs of the LVRPA, including taking account of any areas of new and emerging risk within the Risk Register.

The purpose of this document is to provide the LVRPA with the proposed 2022/23 Plan and Strategy for consideration and approval.

In considering the document, AC is asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether we have captured key areas that would be expected; and
- whether there are any significant gaps.

We are also seeking approval from AC for the Internal Audit Charter in Section 04.



## Scope and Purpose of Internal Audit



### IA's Role

The purpose of internal audit is to provide the Board, through the AC, the Chief Executive, and the Senior Management Team with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the LVRPA's agreed objectives



### IA Plan

Completion of the internal audits proposed in the 2022/23 Plan should be used to help inform the LVRPA's Annual Governance Statement.



### Objective

The Accounts and Audit Regulations 2015 specifically require the provision of an internal audit service. In accordance with UK Public Sector Internal Audit Standards (PSIAS), Internal Audit provides independent assurance on the adequacy and effectiveness of LVRPA's governance, risk management and internal control system.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's 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 also has an independent and objective consultancy role to help line managers improve risk management, governance and control.



### Charter

We have included our Internal Audit Charter in Section 04. The Charter sets out terms of reference and serves as a basis for the governance of the LVRPA's IA function, establishing our purpose, authority, responsibility, independence and scope, in accordance with the Chartered Institute of Internal Auditor's (IIA) standards.





## Preparing the Strategy and Operational Plan for 2022/23

As part of our approach, it is important we consider LVRPA's strategic priorities, as well as the key strategic risks identified, as we seek to align our risk-based approach accordingly.

In preparing the Strategy and Plan we have undertaken the following:

- Met with the Corporate Director, Head of Finance, Senior Contracts & Quality Manager, and Senior Accountant;
- Reviewed the outcomes of 2021/22 internal audit work;
- Considered the latest assessment of risks facing LVRPA, as detailed in the Corporate Risk Register (as of May 2022);
- Considered areas which are not necessarily high risk (such as core operational controls), but where the work of internal audit can provide a tangible input to assurance; and
- Considered the results of internal audit across our wider client base.

The proposed Plan for 2022/23 is included in Section 02. This also includes a proposed high level scope for each review and which will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for AC meetings have been proposed for discussion and approval with the LVRPA's management.

## Preparing the Strategy Update and Operational Plan for 2021/22 (continued)

We have narrowed this list from a wider starting point, which will allow flexibility if there are changes required during the year; we have sought to prioritise against the key risks and for this reason, we can refer to the three year Strategy at Section 03 to discuss other potential internal audit areas for consideration if required.

Prior to conducting each internal audit, we will undertake a more detailed planning meeting in order to discuss and agree the specific focus of each review.

Following the planning meeting, we will produce Terms of Reference, which we will agree with key representatives at the LVRPA prior to commencement of the fieldwork.

The results of our work will be communicated via an exit meeting. A draft report will then be issued for review and management comments and in turn a final report issued. Final reports as well as progress against the plan will be reported to each AC and the Chief Executive.

Following completion of the planned assignments and the end of the Financial Year, we will summarise the results of our work within an Annual Report, providing an opinion on the LVRPA's governance, risk management and internal control framework.



# 02

Section 02:  
**Operational Plan 2022/23**

# Internal Audit Operational Plan 2022/23

An overview of the Internal Audit Operational Plan 2022/23 is set out below.

Proposed Summary Operational Plan for Approval				
Audit Area	Days	LVRPA Sponsor	Target Start Date	Target AC
<b>Risk Based Considerations</b>				
Health and Safety Contract Procurement*	5	Corporate Director	March 2022	November 2022
LSC Contract Management	10	Corporate Director	January 2023	June 2023
Data Management*	10	Deputy Chief Executive Officer	September 2022	June 2023
Campsites - Financial and Booking Systems	8	Head of Finance	January 2023	June 2023
Budget Management	8	Head of Finance	August 2022	June 2023
<b>Other Considerations</b>				
Risk Management Framework	7	Corporate Director	July 2022	June 2023
Fraud Prevention / Detection Framework	8	Head of IT	December 2022	June 2023
Estates and Facilities: Maintenance and Statutory Compliance	7	Head of Asset Management	December 2022	June 2023
Staff Training and Development	7	Head of HR	September 2022	June 2023
<b>Management and Reporting Activities</b>				
Follow Up	7	Corporate Director	Ongoing	Ongoing
Management	10	Corporate Director	Ongoing	N/A
Contingency	10	Corporate Director	As requested	As requested
<b>Total</b>	<b>97</b>			

\*These audits are for specialist work and will be charged at a higher day rate.

The following pages set out the rationale and indicative scope for the internal audits identified within the above table.



# Internal Audit Operational Plan 2022/23 Contd.

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2022/23 is detailed below, alongside a indicative high-level scope. Please note that the detailed scope of each audit will be discussed and agreed with the relevant LVRPA sponsor prior to the commencement of fieldwork.

## Health and Safety Contract Procurement – 5 days

Assessment of the Authority's procurement process for the Health and Safety Contract which could cover Initial Tender Analysis Meetings, Clarification Meetings, Review of final Tender Analysis and Consensus Meetings.

This is included in the plan in relation to Risk SR2.3 from the Corporate Risk Register.

## LSC Contract Management – 10 days

This review has been included following the commencement of the new Leisure Services contract by GLL. Coverage will be determined with auditees, but would expect to provide assurance over the Authority's mechanisms for managing payments, reviewing performance against agreed levels, and managing disputes or improvements.

This is included in the plan in relation to Risks SR2.7, SR7.3, and SR9.3 from the Corporate Risk Register.

## Data Management – 10 days

Consideration of the Authority's processes for managing data in selected systems such as the CRM. This is included in the plan in relation to Risk SR3.1 from the Corporate Risk Register.

## Campsites - Financial and Booking Systems – 8 days

Coverage of processes for managing bookings and receiving payments on the systems at the Authority's campsites.

This is included in the plan in relation to Risk SR3.3 from the Corporate Risk Register.

## Budget Management – 8 days

A review to assess the Authority's processes for setting, approving, and monitoring overall and departmental budgets.

This review was initially included in the 2021/22 plan and has been deferred to 2022/23.

This is included in the plan in relation to Risk SR4.1 from the Corporate Risk Register.

## Risk Management Framework – 7 days

This is a cyclical area of coverage across our clients, which looks to provide independent assurance over the Authority's risk management arrangements. To consider areas of risk management such as: Risk Policies/Strategy; Guidance and Training; Risk Identification, Risk Responses, and Assurance provided to the Authority/AC.

# Internal Audit Operational Plan 2022/23 Contd.

## Fraud Prevention / Detection Framework – 8 days

Review to provide assurance over the Authority's mechanisms for preventing and detecting fraud. To consider overall strategy and fraud response plans and fraud risk assessments, as well as targeted testing and data analytics over high-risk areas.

## Estates and Facilities: Maintenance and Statutory Compliance – 7 days

Review of the strategy and controls in place over the Authority's Estates. This could consider management of planned and preventative maintenance work (PPM) as well as environmental/condition surveys and reactive repair work.

## Staff Training and Development – 7 days

To provide assurance over the Authority's mechanisms to provide relevant training, and ongoing support and development for its staff.

This could consider mandatory training for new and existing staff, as well as the processes for appraisal and identification of specific training or support needs.

## Follow Up – 7 days

Review of the implementation of recommendations from previous audits not covered elsewhere within the Plan.

This is a cyclical review to provide independent assurance that internal audit recommendations reported to the AC, as completed, have been implemented.

## Management – 10 days

Resources for client and external audit liaison.

For example, preparation and attendance at AC, strategic and operational planning, meetings with Directors/Chief Executive/Chair of AC, preparation of the Internal Audit Opinion, Annual Internal Audit Plan and other reports to the AC, etc.

## Contingency – 10 days

Resources which will only be utilised should the need arise, for example, for unplanned and ad-hoc work requests by management and the AC.

# 03

Section 03:  
Strategy 2022/23 – 2024/25



## Strategy 2022/23 – 2024/25

Our updated Internal Audit Strategy 2022/23 – 2024/25 is provided below and sets out our risk based considerations, followed by other considerations and finally our management and reporting activities.

Strategic Risks	Risk Based Considerations				
	Auditable Area	Previous Coverage	2022/23	2023/24	2024/25
SR1.1: Failure to comply with the 1986 Park Act and other statutory requirements.	Governance and Reporting	-	-	✓	-
SR1.2: Failure to comply with Health & Safety legislation.	Health and Safety Control Framework	-	-	✓	-
SR2.1: Agreeing to accept a partners' financial terms and conditions that will place an unacceptable long term liability on the Authority.	Due Diligence and Legal Process	-	-	-	✓
SR2.2: Contractors, Governing Bodies, or Third Party Operator not delivering agreed objectives/contract.	Contract Management	-	-	-	-
SR2.3: Management of Facilities Contracts & failure to maintain assets to a good H&S and operational standard.	Contract Management	-	✓ Health and Safety Contract Procurement (5 days)	-	-
SR2.4: Contractor stability affected by external influences or national/international conditions prevailing at the time.	Contract Management	-	-	-	-
SR2.5: Insufficient contractors tendering for contracts.	Procurement	-	Procurement (2021/22)	-	-
SR2.6: Major equipment or other failure at one or more venues resulting in temporary/permanent cessation of operations	Business Continuity Planning Disaster Recovery	-	Disaster Recovery and BCP (2020/21) Business Continuity and Disaster Recovery (2019/20)	-	✓
SR2.7: Failure of LSC contractor organisation or failure of LSC contractor to deliver as required by contract.	LSC Contract Management	-	✓ LSC Contract Management (10 days)	✓	✓

## Strategy 2022/23 – 2024/25 Contd.

Risk Based Considerations (continued)					
Strategic Risks	Auditable Area	Previous coverage	2022/23	2023/24	2024/25
SR3.1: I.T. infrastructure does not meet future business need requirements. Authority requires funding for updating or improving I.T infrastructure.	IT Strategy, User access, IT Controls, IT Strategy	IT GIS (2021/22) Cyber Security (2020/21) Cyber Security (2019/20)	✓ Data Management (10 days)	✓	✓
SR3.2: The Authority fails to recruit/retain staff at all levels of the appropriate calibre.	HR – Recruitment and Retention Succession Planning	HR On-Boarding and Off-Boarding (2019/20)	-	-	✓
SR3.3: Insufficient Authority Resources to fully manage contract	Budget Setting and Control Debt Management Treasury Management	Debt Management (2020/21) Treasury Management (2020/21) Debtors (2019/20) Treasury Management (2018/19)	✓ Composites - Financial and Booking Systems (8 days)	✓ Marinas - Financial and Booking Systems	-
SR4.1: Financial Risks of over/under spent budget through non-achievement of income targets or inaccurate budget forecasting. Insufficient Resources to meet objectives.	Budget Setting Budget Monitoring		✓ Budget Management (8 Days)	-	-
SR4.2: Financial Risks of either greatly increased insurance costs or insurers refusal to insure Authority due to increased risks brought on by prevailing conditions.	Insurance		-	✓	-
SR5.1: Lack of a clear corporate direction.	Strategy Setting and Monitoring Corporate Governance		-	✓	-

# Strategy 2022/23 – 2024/25 Contd.

Risk Based Considerations (continued)					
Strategic Risks	Auditable Area	Previous coverage	2022/23	2023/24	2024/25
	Stakeholder Engagement				
SR5.2: Impact on the Authority's powers to raise the Levy and resistance from all constituent councils as a result of external influences.	Income forecasting and receipt	-	-	-	✓
SR6.1: Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships.	Stakeholder Engagement Marketing and Communications	Marketing and Communication (2019/20)	-	-	✓
	Incident Management				
SR7.1: Inadequate business continuity implementation at any (all) sites following natural disaster, IT failure including Cyber Terrorism, Flooding, Disease Outbreak (animals/humans), Terrorism.	Business Continuity Planning Disaster Recovery	Disaster Recovery and BCP (2020/21) Business Continuity and Disaster Recovery (2019/20)	-	✓	-
	Business Continuity Planning				
SR7.2: Inadequate pandemic management processes in place park wide following major pandemic outbreak/further spikes in Covid 19 and more restrictions including local tier restrictions and national lockdowns.	Business Continuity Planning Covid/Pandemic	Disaster Recovery and BCP (2020/21) Business Continuity and Disaster Recovery (2019/20)	-	-	✓
	LSC Contract Management				
SR7.3: Failure of operations at any LSC or leased venue requiring the Authority to take back management of Venue in-house	LSC Contract Management	-	✓ LSC Contract Management (10 days)	✓	✓
	Environmental Management Control and Reporting				
SR8.1: Failure to manage contamination could be a risk to users, this includes land and/or water contamination (also damage to reputation from failing to manage contamination).	Environmental Management Control and Reporting	-	-	✓	-
	Project Management / Assurance				
SR9.1: Ice Centre Failure in Strategic Risks 1-8 above in the development of the Ice Centre circa £30m project and Legal Challenge.	Project Management / Assurance	-	-	-	-

## Strategy 2022/23 – 2024/25 Contd.

Risk Based Considerations (continued)						
Strategic Risks	Auditable Area	Previous coverage	2022/23	2023/24	2024/25	
SR9.2: Picketts Lock Development Failure in Strategic Risks 1-8 above in the development of the Picketts Lock circa £40m project and Legal Challenge.	Project Management / Assurance	-	-	-	-	
SR9.3: Leisure Services Contract Retender Failure in Strategic Risks 1-8 above in the retender of the Leisure Services Contract circa £20m and potential Legal Challenge.	Project Management / Assurance Leisure Services Contract Management / Oversight / Service Levels	-	✓ LSC Contract Management (10 days)	✓	✓	
SR10.1: Acquisitions- Opportunity Cost of Resources, Reducing Available Resources or increasing future liabilities	Estates and Investment/Divestment Strategy	-	-	✓	-	
SR 10.2. Disposals - Legal challenge, Reputational Damage, reduced public access or bio diversity. Failure to deliver anticipated capital resources through land disposal due to the constraints imposed by the riparian boroughs/districts and other agencies, e.g. green belt/flood risk/contaminated land	Estates and Investment/Divestment Strategy	-	-	✓	-	
SR11.1: Failure in Strategic Risks 1-10 above due to changes in the Economic and Business climate brought about by changes following the departure from the European Union		-	-	✓	-	
Other Considerations						
Area	Auditable Area	Previous coverage	2022/23	2023/24	2024/25	
Governance and Strategy	Corporate Governance Strategic Planning	Performance Management of Commercial Activities (Trust) (2018/19)	-	✓	-	
Risk Management	Performance and Reporting Risk Management Assurance Mapping	Risk Management (2018/19)	✓ Risk Management Framework (7 days)	-	-	

# Strategy 2022/23 – 2024/25 Contd.

Area		Other Considerations (continued)			
Area	Auditable Area	Previous coverage	2022/23	2023/24	2024/25
<b>Core Financial Controls</b>					
	General Ledger	Cash and Banking (2021/22)	✓		
	Budget Setting and Control	Stock Control (2021/22)	Fraud Prevention / Detection Framework		
	Purchasing/Procurement	Debt Management (2020/21)	(8 days)		
	Sundry Income/Debtors	Treasury Management (2020/21)			
	Cash and Banking	Cash and Banking (2019/20)	✓		✓
	Assets and Inventories / Stocks and Stores	Creditors (2019/20)			
	Fraud Prevention and Detection	Debtors (2019/20)			
		Treasury Management (2018/19)			
		PCI Compliance (2018/19)			
		Payroll (2020/21)			
Payroll and Staff Expenses	Payroll	Use of Credit Cards (2020/21)			✓
	Expenses				
Property / Estates	Building and Facilities Management		✓ Estates and Facilities: Maintenance and Statutory Compliance		
	Capital Expenditure/ Estates Management		(7 days)		
	Recruitment and Retention	Staff Absence/Leave (2021/22)			
HR	Leave and Absence	Staff Induction and Performance (2020/21)	✓ Staff Training and Development		✓
	Performance Management	HR On-Boarding and Off-Boarding (2019/20)	(7 days)		
	Training and development				

# Strategy 2022/23 – 2024/25 Contd.

Other Considerations (continued)					
Area	Auditable Area	Previous coverage	2022/23	2023/24	2024/25
Volunteers	Volunteer Strategy / Processes	Volunteer Management (2019/20)	-	✓	-
<b>Management and Reporting</b>					
Auditable Area		Previous coverage	2022/23	2023/24	2024/25
Follow Up		✓	✓ (7 days)	✓	✓
Management		✓	✓ (10 days)	✓	✓
Contingency		✓	✓ (10 days)	✓	✓
<b>Total</b>		-	<b>97</b>	<b>TBC</b>	<b>TBC</b>

# 04

Section 04:  
**Internal Audit Charter**



# Internal Audit Charter

The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of the LVRPA Internal Audit function. It sets out the purpose, authority and responsibility of the function in accordance with the UK Public Sector Internal Audit Standards (PSIAS). The Charter will be reviewed and updated annually by the Engagement Lead for Internal Audit for the LVRPA (Head of Internal Audit).

## Nature and Purpose

The LVRPA is responsible for the development of a risk management framework, overseen by the AC, which includes:

- Identification of the significant risks in LVRPA's programme of activity and allocation of a risk rating to each
- An assessment of how well the significant risks are being managed and
- Regular reviews by the Senior Executive Team and the AC of the significant risks, including review of key risk indicators, governance reports and action plans, and any changes to the risk profile.

A system of internal control is one of the primary means of managing risk and consequently the evaluation of its effectiveness is central to Internal Audit's responsibilities.

LVRPA's system of internal control comprises the policies, procedures and practices, as well as organisational culture that collectively support LVRPA's effective operation in the pursuit of its objectives. The risk management, control and governance processes enable LVRPA to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the Senior Executive Team. LVRPA needs assurance over the significant business risks set out in the risk management framework. In addition, there are many other stakeholders, both internal and external, requiring assurances on the management of risk and other aspects of LVRPA's business. There are also many assurance providers. LVRPA should therefore develop and maintain an assurance framework which sets out the sources of assurance to meet the assurance needs of its stakeholders.

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework (IPPF) as an independent, objective assurance and consulting activity designed to add value and improve an organisation's 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 carries out evaluative and consulting activities across all aspects of LVRPA's business, based on a programme agreed with the AC, and coordinates these activities with the assurance framework. In doing so, Internal Audit works closely with risk owners, and the Senior Executive Team.

In addition to providing independent assurance to various stakeholders, Internal Audit helps identify areas where LVRPA's existing processes and procedures can be developed to improve the extent with which risks in those areas are managed, and public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, Internal Audit liaises closely with the Senior Executive Team and management in relevant departments. The independent assurance provided by Internal Audit also assists LVRPA to report annually on the effectiveness of the system of internal control included in the Annual Governance Statements.

## Authority and Access to Records, Assets and Personnel

Internal Audit has unrestricted right of access to all LVRPA records and information, both manual and computerised, and other property or assets, it considers necessary to fulfil its responsibilities. Internal Audit may enter business property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Any restriction (management or other) on the scope of Internal Audit's activities will be reported to the AC.

Internal Audit is accountable for the safeguarding and confidentiality of any information and assets acquired in the course of its duties and execution of its responsibilities. Internal Audit will consider all requests from the external auditors for access to any information, files or working papers, detailed or prepared during audit work that has been finalised, and which external audit would need to discharge their responsibilities.

## Responsibility

The Head of Internal Audit is required to provide an annual opinion to LVRPA, through the AC, on the adequacy and the effectiveness of LVRPA's risk management, control and governance processes. In order to achieve this, Internal Audit will:

- Coordinate assurance activities with other assurance providers as needed (such as the external auditors) such that the assurance needs of LVRPA, regulators, and other stakeholders are met in the most effective way.
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes.



## Internal Audit Charter continued

- Carry out assurance and consulting activities across all aspects of LVRPA's business based on a risk-based plan agreed with the AC.
- Provide the Board with reasonable, but not absolute, assurances as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issue periodic reports to the AC and the Senior/Executive Team summarising results of assurance activities.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within LVRPA to aid the prevention and detection of fraud.
- Assist in the investigation of allegations of fraud, bribery and corruption within LVRPA and reporting management and the AC of the results.
- Assess the adequacy of remedial action to address significant risk and control issues reported to the AC. Responsibility for remedial action is response to audit findings rests with line management.

There are inherent limitations in any system of internal control and thus errors or irregularities may occur and which are not detected by Internal Audit's work.

When carrying out its work, Internal Audit will provide line management with comments and report breakdowns, failures or weaknesses of internal control systems together with recommendations for remedial action. However, Internal Audit cannot absolve line management of responsibility for internal controls.

Internal Audit will support line managers in determining measures to remedy deficiencies in risk management, control and governance processes and compliance to LVRPA's policies and standards and will monitor whether such measures are implemented on a timely basis.

The AC is responsible for ensuring that Internal Audit is adequately resourced and afforded a sufficiently high standing within the organisation, necessary for its effectiveness.

### Scope of Activities

As highlighted in the previous section, there are inherent limitations in any system of internal control. Internal Audit therefore provides the Senior/Executive Team and the Board through the AC with reasonable, but not absolute, assurance as to the adequacy and effectiveness of

LVRPA governance, risk management and control processes using a systematic and disciplined approach by:

- Assessing and making appropriate recommendations for improving the governance processes, promoting appropriate ethics and values, and ensuring effective performance management and accountability.
- Evaluating the effectiveness and contributing to the improvement of risk management processes; and
- Assisting LVRPA in maintaining effective controls by evaluating their adequacy, effectiveness and efficiency and by promoting continuous improvement.

The scope of Internal Audit's value adding activities includes evaluating risk exposures relating to LVRPA's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

### Reporting

For better engagement, Internal Audit will issue a report to the appropriate senior management and business risk owner, and depending on the nature of the engagement and as agreed in the engagement's Terms of Reference, with a summary to the Senior/Executive Team and the AC. The UK FSA's require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

- The annual risk-based plan is compiled by the Head of Internal Audit taking account of LVRPA's risk management / assurance framework and after input from members of the Senior/Executive Team. It is then presented to the Senior/Executive Team (the AC) annually for comment and approval.
- The internal audit budget is reported to the AC for approval annually as part of the overall budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported annually to the AC.

## Internal Audit Charter continued

- Performance against the annual risk-based plan and any significant risk exposures and breakdowns, failures or weaknesses of internal control systems arising from internal audit work are reported to the Senior Executive Team and AC on a regular basis.
- Any significant consulting activity not already included in the risk-based plan and which might affect the level of assurance work undertaken will be reported to the AC.
- Any significant instances of non-compliance with the Public Sector Internal Audit Standards will be reported to the Senior Executive Team and the AC and will be included in the Internal Audit Annual Report.

### Independence

The Head of Internal Audit has free and unfettered access to the following:

- The Corporate Director and Chief Executive at LVRPA;
- Chair of the LVRPA AC; and
- Any other member of the Senior Executive Team.

The independence of the contracted Head of Internal Audit is further categorised as their annual appraisal is not inappropriately influenced by those subject to internal audit. To ensure that auditor objectivity is not impaired and that any potential conflicts of interest are appropriately managed, all internal audit staff are required to make an annual personal independence responsibilities declaration via the tailored My Compliance Responsibilities portal which includes personal deadlines for:

- Annual Returns (a regulatory obligation regarding independence of firm and proper status and other matters which everyone in Mazars must complete);
- Personal Conflicts (the system for recording the interests in securities and collective investment vehicles held by partners, directors and managers, and their immediate family members); and
- Continuing Professional Development (CPD).

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the AC. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for a period of at least 12 months.

### External Auditors

The external auditors fulfil a statutory duty. Effective collaboration between Internal Audit and the external auditors will help ensure effective and efficient audit coverage and resolution of issues of mutual concern. Internal Audit will follow up the implementation of internal control issues raised by external audit if requested to do so by LVRPA.

- Plan the respective internal and external audits and discuss potential issues arising from the external audit; and
- Share the results of significant issues arising from audit work.

### Due Professional Care

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK PSIAS; and
- All relevant legislation.

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS, on-going performance monitoring and an external assessment at least once every five years by a suitably qualified independent assessor.

A programme of CPD is maintained for all staff working on internal audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies to deliver the risk-based plan. Both the Head of Internal Audit and the Engagement Manager are required to hold a professional qualification (CMAA, CCAB or equivalent) and be suitably experienced.

### Performance Measures

In seeking to establish a service which is continually improving, we will work against performance measures with LVRPA.

We take responsibility to the Lee Valley Regional Park Authority for this report, which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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