



LEE VALLEY REGIONAL PARK AUTHORITY
AUDIT COMMITTEE
25 JUNE 2015 AT 12:30

Agenda Item No:

6

Report No:

AUD/61/15

**ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT
2014/15 AND AUDIT PLAN 2015/16**

Presented by the Director of Finance & Resources

SUMMARY

The purpose of this report is to inform Members about the work of the Internal Auditors (Mazars) during the financial year 2014/15.

The Audit Plan for 2014/15 was approved by the Audit Committee in June 2014 (Paper AUD/51/14). 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 substantial.

The report also sets out a plan for audit during 2015/16.

RECOMMENDATIONS

- Members Note: (1) the annual report of the Internal Auditors for 2014/15 detailed in Appendix A to this report; and
- Members Approve: (2) the annual Audit Plan for 2015/16 as detailed in Appendix B to this report.

BACKGROUND

- 1 The Audit Plan for 2014/15 was approved at a meeting of the Audit Committee in June 2014 (Paper AUD/51/14). 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. 2015/16 will be the second year of a short term contract under a framework agreement held by the London Borough of Croydon.

AUDIT WORK – 2014/15

- 3 The majority of the planned audit activity was completed in accordance with the 2014/15 Plan.

- 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 – 2014/15

- 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 auditors report is embodied in the Audit Opinion shown on page 4 of Appendix A to this report. This states:

“From the Internal Audit work undertaken in compliance with the PSIAS in 2014/15, it is our opinion that we can provide Substantial Assurance that the system of internal control in place at Lee Valley Regional Park Authority for the year ended 31 March 2015 accords with proper practice”.

- 8 The key findings of the report for each Audit carried out in 2014/15 (pages 5 to 10 in Appendix A to this report) summarise the main recommendations. All areas indicated substantial assurance with the exception of one audit where assurance was indicated as limited. The limited assurance related to 'Data Backups and IT Recovery'. The two priority one recommendations and one priority two recommendation are currently being addressed:
 - the contract with our third party data back-up support providers is in progress and should be completed over the next couple of months;
 - the Authority is currently using the 'Shadow Protect' and have tested this by restoring user files, the final test to be carried out is a full server restore. This full restore test is scheduled for August;
 - the Business Continuity Plan has been updated to align the Trust and Authority and the Disaster Recovery Plan which is the last part of the Business Continuity process will be updated working with consultants. A training exercise focussed on the VeloPark/Corporate testing will be completed by the end of the summer.

Completion of these specific actions should move the assurance to substantial and will be followed up by the auditors as part of the 2015/16 plan and reported back to this Committee.

- 9 All key findings will be monitored by the auditors during 2015/16. Adequate follow-up time to do this has been incorporated into the Audit Plan for the year.

ANNUAL AUDIT PLAN - 2015/16

- 10 Appendix B to this report sets out a detailed Plan for Audit during 2015/16. The Plan takes into account the following:

- the Authority's Strategic Risk Register;
- internal audit findings from previous years' audit work;
- planned developments within the Authority;
- the requirements of the Authority's external auditors; and
- specific pro-active work on a counter fraud programme.

11 There are 155 contracted days to allow completion of the Audit Plan in 2015/16 and Members are asked to approve the detailed 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 There are no financial implications arising directly from the recommendations in this report.

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/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 2014/15
Appendix B	Internal Audit Plan 2015/16

LIST OF ABBREVIATIONS

IT	Information Technology
PSIAS	Public Sector Internal Audit Standards



M A Z A R S

Lee Valley Regional Park Authority Internal Audit Annual Report 2014/15

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June 2015

This report has been prepared on the basis of the limitations set out on page 17.

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 17 April 2014 between Lee Valley Regional Park Authority and Mazars Public Sector Internal Audit Limited. This report is confidential and has been prepared for the sole use of Lee Valley Regional Park Authority. This report 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, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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Introduction

Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment identified across Lee Valley Regional Park Authority (the Authority) during the 2014/15 financial year, the service for which is provided by Mazars Public Sector Internal Audit Limited.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2011. The PSIAS requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformance with the PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

It should be noted that the Authority is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Lee Valley Regional Park Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Lee Valley Regional Park Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

Overview of Internal Audit Approach

As Internal Audit, our role is to provide an annual assurance statement on the adequacy and effectiveness of the Authority's systems of governance, risk management and internal control.



Overview of Work Done

The Internal Audit Plan for 2014/15 included a total of 14 projects. We have liaised with senior management throughout the year to ensure that internal audit work undertaken continued to focus on the high risk areas and, in the light of new and on-going developments in the Authority, to help ensure the most appropriate use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year. Some internal audit projects have been added to or deleted from the Plan, others have been consolidated or split into separate elements, and the timing of a number of others has been changed. Consequently, the total number of projects actually undertaken in 2014/15 was 14 compared to 17 in the prior year - refer Overall Summary. It should be noted that there were no scope impairments or restrictions in 2014/15.

We generally undertake individual internal audit projects with the overall objective of providing the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls over a number of management's objectives. Other audit projects are geared more towards the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services and functions for which they are responsible. We also undertake IT audits, probity audits and anti-fraud work. All internal audit work was performed in compliance with the PSIAS.

All internal audit reports include our recommendations and agreed actions that, if implemented by management, will enhance the control environment and the operation of the key management controls.

This report sets out the results of the work performed as follows:

- **Overall summary** of work performed by Internal Audit including an analysis of report gradings; and
- **Key findings** during our work in 2014/15.

In this report, we have drawn on the findings and assessments included in all internal audit reports issued in 2014/15, including those that, at this time, remain in draft. It should be noted therefore that the comments made in respect of any draft reports are still subject to management response:

Acknowledgement

We would like to take this opportunity to thank the Lee Valley Regional Park Authority management and staff for the co-operation that we have received during the 2014/15 financial year.

Overall Summary

As illustrated in the tables below, we have noted a small decline in Lee Valley Regional Park Authority's control environment during the audit year. During the 2014/15 year, some 6 (86%) of internal audit projects were rated 'full/substantial assurance' compared with 12 (100%) in the prior year. Report Ratings

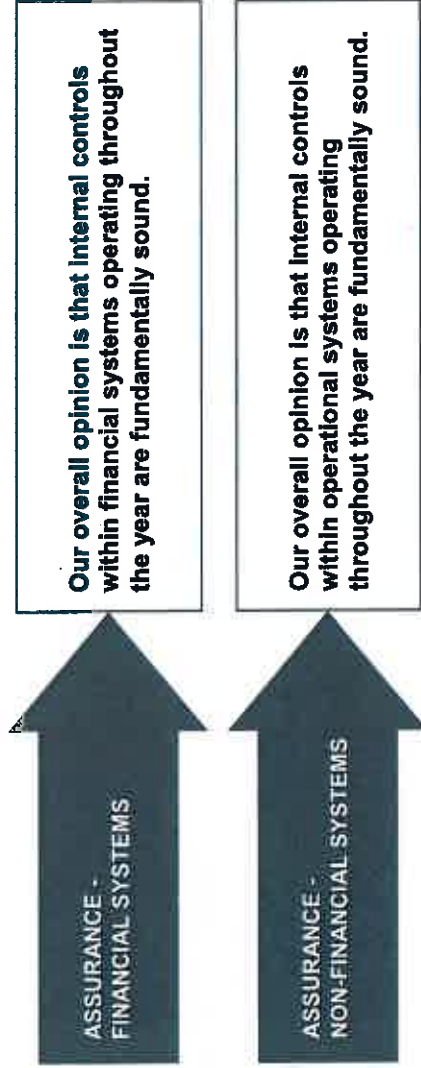
As in 2013/14, whilst the proportions have changed slightly year-on-year, there has been no significant movement in the spread of opinions across the Authority.

We are pleased to report that we have not issued any 'nil assurance' opinions in 2014/15 (nil were issued in 2013/14). In addition, we issued one report (14%) with a 'limited assurance' opinion compared with none (0%) in 2013/14.

Assurance Gradings	Number of Projects	
	2014/15	2013/14
Full	0	2
Substantial	6	10
Limited	1	-
Nil	-	-
Sub-Total	7	12
No Opinion Assurance Work	7	5
Total Projects Delivered	14	17

Opinion 2014/15

From the Internal Audit work undertaken in compliance with the PSIAS in 2014/15, it is our opinion that we can provide **Substantial Assurance** that the system of internal control in place at Lee Valley Regional Park Authority for the year ended 31 March 2015 accords with proper practice. The assurance can be further broken down between financial and non-financial systems, as follows:



Key Findings

The table below provides a summary of the key findings for each internal audit project completed in the 2014/15 plan, both assurance and non-assurance based:

Audit	Assurance Opinion	Direction of Travel	Key Findings
Debtors	Substantial	↔	<p>Overall, we identified relatively few weaknesses consistent with our work from previous years. However, we raised two priority 2 and one priority 3 recommendation as a result of our work where we consider controls may be further improved - these include one recommendation re-raised from 2013/14.</p> <p>The key issues noted were with regard to the need for agreements to be signed and letters confirming the amount received to be issued to all customers; and the need for Centres to be formally reminded of the requirement to provide complete information on their weekly income returns.</p>
Payroll	Substantial	↔	<p>Overall, we identified relatively few weaknesses consistent with our work from previous years. However, we raised one priority 2 and two priority 3 recommendation as a result of our work where we consider controls may be further improved.</p> <p>The key issue noted was with regard to the need to include post numbers on all recruitment request forms for new employees.</p>
Charity Advice	N/A	N/A	<p>Advice on accounting structures, key reporting and auditing requirements etc. was provided to the Director of Finance & Resources and the Corporate Systems Development Manager by our charity specialists.</p>
VeloPark	Substantial	-	<p>Overall, we raised seven priority 2 recommendations as a result of our work where we considered controls may be further improved.</p> <p>The key issues highlighted were with regards to:</p> <ul style="list-style-type: none"> • Cash Handling and Banking - the need for a process to be developed and implemented for a monthly reconciliation between revenue takings and bankings and for the investigation of variances; • Ordering Goods and Services - the need for purchase orders raised to provide full details of the works, goods and services being procured;

Audit	Assurance Opinion	Direction of Travel	Key Findings
			<ul style="list-style-type: none"> • Receipt of Goods and Services - the need ensure that suppliers provide delivery notes for goods delivered and job completion reports for repairs, maintenance and other services rendered to enable a validity check to be performed against invoices; • Stock Control - the need to implement improvements to the Clarity and EFIN systems to assist with the checking of current system records against physical stock counts and allow any discrepancies to be investigated; • Asset Register - the need for assets held by VeloPark to be recorded on an asset register maintained on the electronic system, in a template consistent with that of the Authority's asset register to enable an independent physical asset to be undertaken on an annual basis; • Budgetary Control - the need for the Venue Manager to be fully involved in the budgeting setting process to ensure that the budgets set are realistic and achievable; and • Health & Safety - the need to ensure that required Health & Safety induction and training is provided to all staff and that the provision of training is periodically monitored. <p>No direction of travel was provided as this venue had not been subject to audit previously.</p>
Hockey and Tennis Centre	Substantial	-	<p>Overall, we raised twelve priority 2 recommendations as a result of our work where we considered controls may be further improved.</p> <p>The key issues highlighted were with regards to:</p> <ul style="list-style-type: none"> • Training Matrix - the need for the Procedures Training Matrix to be regularly reviewed to ensure that it includes all the Centre's personnel; • Analysis of Centre Membership - the need for periodic reports on membership to be developed to enable review to identify gaps and the development of strategies by which such deficiencies can be addressed; • Tennis Utilisation - the need for periodic reports on the utilisation of facilities to be developed to enable review to re-assess the continuing relevance of the current hours and split between peak and off peak, and charging structure;

Audit	Assurance Opinion	Direction of Travel	Key Findings
			<ul style="list-style-type: none"> • Hockey Pitch Usage - the need for periodic reports on the utilisation of facilities to be developed to enable review to re-assess the continuing relevance of the current hours and split between peak and off peak, and charging structure; • Request for Invoice Approval - the need for all requests for invoice, for recovery of block booking income, to be signed off by the initiator and an authorizer prior to the processing of invoices; • Purchase Order Detail - the need for purchase orders raised to provide full details of the works, goods and services being procured; • Purchase Orders Date Raised - the need for purchase orders to be raised in advance of the procurement of works, goods or services; • Rationalise Contracts - the need for a full review to be undertaken of all contracts identified as inherited from the Olympic Park Authority, with particular emphasis on expiry dates and consideration for the amalgamation of contracts with the same supplier to obtain efficiencies and best value; • Stock Checks - the need for monthly physical stock checks of actual levels of sports and cleaning materials against levels recorded on the system; • Asset Register - the need for all appropriate assets held by the Hockey & Tennis Centre to be recorded on an asset register maintained on the electronic system, in a template consistent with that of the Authority's asset register to enable an independent physical asset to be undertaken on an annual basis; • Accident Reporting Forms - the need to maintain all completed Accident and Incident Report Forms and forward these to the Authority's Health & Safety Officer, as required; and • Health & Safety - the need to ensure that required Health & Safety induction and training is provided to all staff and that a record or log be maintained to demonstrate completion of the training for all the Centre's staff. <p>No direction of travel was provided as this venue had not been subject to audit previously.</p>

Audit	Assurance Opinion	Direction of Travel	Key Findings
Facilities Spot Check - Ice Centre	N/A	N/A	<p>Overall, some positive steps have been taken by management to address the issues previously identified at the Ice Centre as part of our Facilities Thematic work.</p> <p>The Venue Manager demonstrated a level of awareness and understanding of the controls required to be operated - this key to ensuring both the effectiveness and continuation of their operation. Some controls were not yet in place or were not operating consistently or effectively in some areas. In such instances, further actions were identified in 13 instances.</p>
Facilities Spot Check - Riding Centre	N/A	N/A	<p>Overall, some positive steps have been taken by management to address the issues previously identified at the Riding Centre as part of our Facilities Thematic work.</p> <p>Again, the Venue Manager demonstrated a level of awareness and understanding of the controls required to be operated - this key to ensuring both the effectiveness and continuation of their operation. Some controls were not yet in place or were not operating consistently or effectively - in such instances, further actions were identified in 13 instances.</p>
Cash Analysis and Spot Checks	N/A	N/A	<p>DRAFT</p> <p>From our cash analysis, no significant outliers or exceptions were identified. We however raised three priority 2 recommendations for management's consideration - these relating to:</p> <ul style="list-style-type: none"> • Verifying the correct recording of income; • Confirming the reasons for the exceptions identified where there was no recorded income for the Ice Centre; and • Correctly recording all income on the master record in Finance so that any discrepancies identified can be followed up.

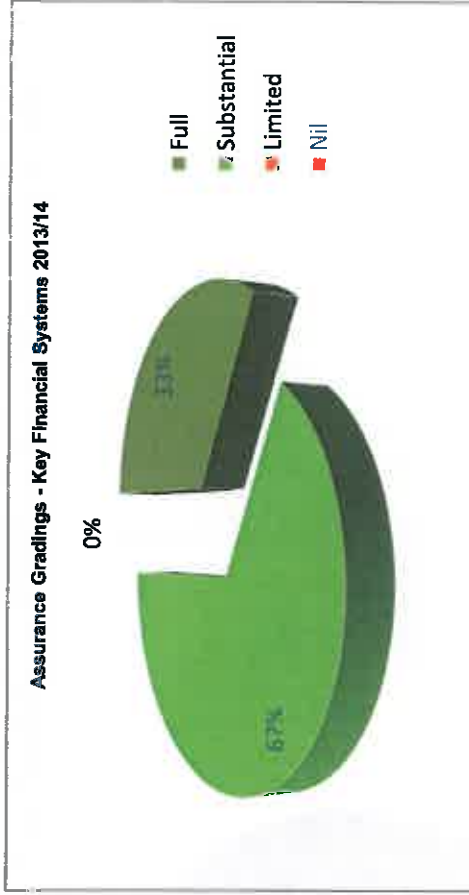
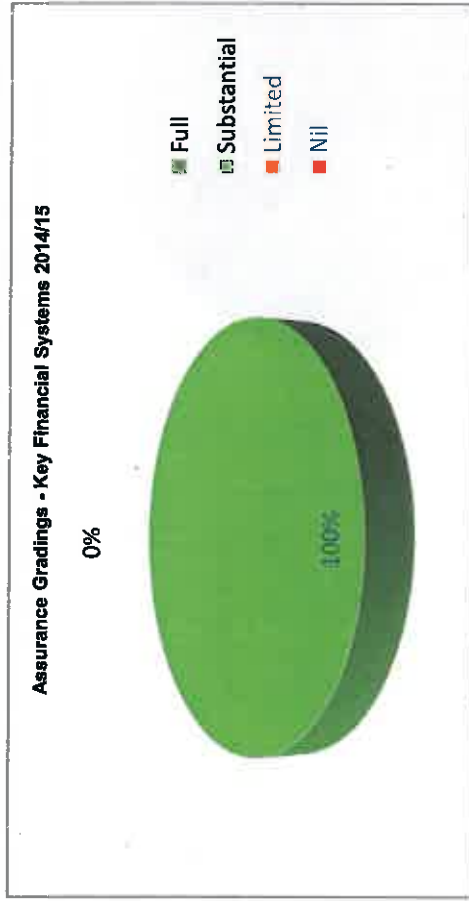
Audit	Assurance Opinion	Direction of Travel	Key Findings
Stock Analysis and Spot Checks	N/A	N/A	<p>DRAFT</p> <p>From our stock analysis, no significant outliers or exceptions were identified. We however raised three priority 2 and one priority 3 recommendations for management's consideration - these relating to:</p> <ul style="list-style-type: none"> • Considering the appropriateness of inventory levels; • Verifying the appropriateness of write offs; and • Evidencing all write-offs in the stocktake reports.
Fact Finding - Allegation of Abuse of Position	N/A	N/A	<p>Three priority 2 recommendations were raised from our fact finding work as follows:</p> <ul style="list-style-type: none"> • Documenting and communicating a clear and transparent approach to the allocation of overtime; • Communicating rotas as early as possible and notifying any variations in order that effective budget reconciliations can be undertaken; and • Documenting and communicating the process regarding the consistent provision of uniforms.
VisionHR Payroll System	Substantial		<p>Overall, we identified some control weaknesses and raised two priority 2 and three priority 3 recommendations as a result of our work.</p> <p>The main issues identified included the need to disable the current super user account and to assign unique permissions to individual user accounts and the need to work with Selima, the third party vendor, to strengthen password controls.</p> <p>No direction of travel was provided as this was the first audit of the VisionHR Payroll System.</p>

Audit	Assurance Opinion	Direction of Travel	Key Findings
Data Backups and IT Recovery	<p>Limited</p>	-	<p>Overall, we raised two priority 1 and one priority 2 recommendations as a result of our work where we considered controls may be further improved.</p> <p>The main issues identified included the need to for a contract to be drawn up between the Trust and third party data backup support providers, an approved disaster recovery plan reflecting the current business needs and operations to be put in place, and a full recovery of the off-site backup server be tested on a regular basis.</p> <p>No direction of travel was provided as this was the first audit of Data Backups and IT Recovery.</p>
Website Content Management	<p>Substantial</p>	-	<p>Overall, we identified some minor control issues and raised two priority 3 recommendations as a result of our work.</p> <p>No direction of travel was provided as this was the first audit of the Website Content Management.</p>
Follow Up	N/A	N/A	See analysis below.

Internal Control - Key Financial Systems

Each year, Internal Audit carries out audit projects of the Authority's key financial systems, working in accordance with the managed audit process agreed with the external auditors.

This process allows the external auditors to place reliance on the work performed by Internal Audit to provide the Authority with the necessary assurance that key financial controls in the fundamental systems are operating satisfactorily and support a robust control environment. It also allows the Authority to limit external audit fees spent on reviewing the Authority's activities. The table below summarises the audit gradings in this key area:



Overall, there has been no significant movement in the control environment around key financial systems. Taking account of the Direction of Travel assessment; on balance, it can be considered that key controls are operating in a consistent and effective manner. We are also pleased to note that no priority 1 recommendations were again issued in comparison to previous years (nil were issued in 2013/14 and three were issued in 2012/13). This reflects the effort made by management to address key control recommendations raised in the year.

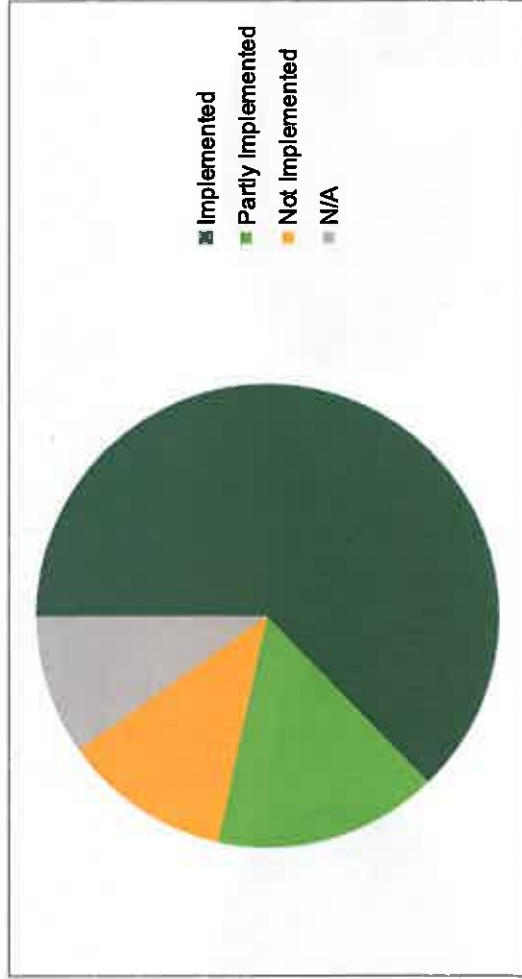
A summary of key findings for all 2014/15 Internal Audit projects rated as Limited is included at Appendix 1.

Follow-Up of Previously Raised Recommendations

As part of the Internal Audit Plan for 2014/15, we followed-up a number of recommendations previously raised in 2012/13 and 2013/14 and agreed with management.

The objective of this work was to establish the extent to which recommendations had been implemented. This is important, as, where actions are not taken as agreed, the Authority's risk exposure is not reduced.

The chart below shows the proportion of recommendations found to have been implemented, partly implemented, not implemented, and no longer applicable:



Overall, on the basis of the follow-up work completed, 88% of the recommendations had either been fully or partly implemented, or were no longer applicable. This compares positively to 86% in 2012/13, 76% in 2011/12, 88% in 2010/11, 83% in 2009/10, 84% in 2008/09 and 72% in 2007/08. Note that apart from follow-ups conducted as part of the full key financial system audits, no specific follow-up work was performed in 2013/14.

As shown on the following page, of the six recommendations not implemented, four were priority 2 and two were priority 3 recommendations.

In all cases where recommendations were found to have not been fully implemented, further actions have been agreed with management, together with responsible officers and new deadlines for completion.

In some cases, these further actions may now have been implemented, but we have not yet verified this. This will be covered as part of our 2015/16 work when we will follow-up on all remaining recommendations.

The following table provides a more detailed analysis of the status of implementation (I - Implemented; P - Partly Implemented; N - Not Implemented; and N/A - No Longer Applicable) of recommendations, as broken down by priority rating:

Audit	Priority 1			Priority 2			Priority 3			
	I	P	N	I	P	N	I	P	N	N/A
2012/13:										
Property Leases and Accommodation Arrangements	1			5			1	2		
Electronic Leisure Management System (IT Audit)				2	1	2	1			
Health and Safety IT Recording (IT Audit)				3			1			
Geographical Information Systems (IT Audit)					5	1	1	1	1	1
2013/14:										
Volunteer Management				4	1			1		1
Marketing and Communications				2				2		
Use of Authority Credit Cards - DRAFT				5		1				
Follow-ups were also conducted as part of the following full audits:										
Debtors				1	1			1		
Payroll								2		
Total	1	-	-	22	8	4	4	9	-	2





Appendix 1 - Audit Projects with Limited Assurance 2014/15

Project	Grading	Summary of Key Findings
Data Backups and IT Recovery		<p>The two priority 1 recommendations included the need:</p> <ul style="list-style-type: none"> • For a contract to be drawn up between the Trust and third party data backup support providers IQUAL in line with the business requirements of the Authority, to whom the Trust will ultimately report to. This contractual agreement should clearly define the responsibilities of IQUAL going forward, and any key performance indicators such as response times, as defined by the Trust and Authority's needs; and • To ensure that an approved disaster recovery plan is in place to reflect current business needs and operations. Whilst the organisation is in a period of transferring certain responsibilities from the Authority to the soon to be formed Trust, an authorised disaster recovery plan should still be in place during this period. This plan should be regularly reviewed, updated accordingly and tested. <p>The one priority 2 recommendation included the need to ensure that test plans are agreed and a full recovery of the off-site backup server be tested on a regular basis.</p>

Appendix 2 - Key to Assurance Levels

Assurance Gradings

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

Assurance Level	Evaluating and Testing Conclusion
 Full	There is a sound system of internal control designed to achieve the Authority's objectives. The control processes tested are being consistently applied.
 Substantial	While there is a basically sound system of internal control, there are weaknesses, which put some of the Authority's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the Authority's objectives at risk.
 Limited	Weaknesses in the system of internal controls are such as to put the Authority's objectives at risk. The level of non-compliance puts the Authority's objectives at risk.
 Nil	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

The assurance gradings provided above are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated objectives.

Recommendation Gradings

In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:

Priority Level	Definition
 High	Major issues for the attention of senior management and the audit committee.
 Medium	Important issues to be addressed by management in their areas of responsibility.
 Low	Minor issues resolved on site through discussions with local management.

Direction of Travel	
↑	Improved since the last audit visit.
↓	Deteriorated since the last audit visit.
↕	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

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. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all 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. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

June 2015

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Lee Valley Regional Park Authority

Internal Audit Plan 2015/16

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June 2015

This report has been prepared on the basis of the limitations set out on page 6.

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 1 April 2015 between Lee Valley Regional Park Authority and Mazars Public Sector Internal Audit Limited under an arrangement agreed with Croydon Council. This report is confidential and has been prepared for the sole use of Lee Valley Regional Park Authority. This report 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, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

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1. Executive Summary

This document sets out the proposed Internal Audit Plan for 2015/16.

The Plan has been formulated in conjunction with the Director of Finance & Resources, and takes into consideration the Authority's Strategic Risk Register, our findings from previous years' internal audit work, planned developments within the Authority and the Lee Valley Leisure Trust, and the requirements of the Authority's external auditors.

The total planned days for 2015/16 is 155 - this consistent with the agreed days for 2014/15 and is split as follows:

Input Type	2015/16 Days	2014/15 Days
General Audit and Advisory	92	76
IT Audit	24	24
Contract Audit	12	-
Proactive Counter Fraud	-	18
Follow-Up	10	10
Management and Consultation	10	10
Contingency	7	17
Total	155	155

We have provided a summary level indication of the proposed coverage for each individual audit / task.

In all cases where an audit has been completed previously against the same scope, together with the assurance opinion, we will provide an assessment of the Direction of Travel so as to indicate the extent to which the controls have improved, stayed the same or deteriorated.

It is important that the Plan remains flexible, given that new risks may emerge during the course of the year. We will continue to discuss and review the coverage with the Director of Finance & Resources on an on-going basis.

2. Internal Audit Plan 2015/16

Please note that the proposed coverage is only a high level overview and the detailed scope of each audit will be discussed and agreed with the relevant officer prior to the commencement of any fieldwork.

We have also identified a Lead Contact(s) in each case. The proposed scope, timing and approach will be discussed and agreed with the Lead Contact(s) and other relevant officers prior to the commencement of each individual assignment.

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Resources & Business Development			
Key Financial Systems	30	<p>As part of the 2014/15 internal audit plan, it was agreed with management and external audit that coverage of the key financial systems move to being cyclical as opposed to each system being audited annually - this to reduce duplication and the impact of our work on the Finance Team.</p> <p>As Debtors and Payroll were audited in 2014/15, it is intended that Treasury Management, Budgetary Control and General Ledger will be covered as part of the 2015/16 internal audit plan. This will leave Creditors and Cash and Banking to be audited in 2016/17.</p>	Simon Sheldon - Director of Finance & Resources
Risk Management	12	<p>We will review the adequacy of the Risk Management Framework to ensure that the Authority's approach to managing risk is clearly defined (including risk appetite and responsibilities to identify, evaluate and cost effectively control all significant risks inherent to the Authority's business) and that risk is considered by management, staff and members in all decision making processes as part of their day-to-day operations.</p> <p>Where necessary, we will facilitate workshops to update the Authority's Risk Registers following the split of operations and responsibilities and the creation of the separate Lee Valley Leisure Trust as from 1 April 2015.</p>	Simon Sheldon - Director of Finance & Resources
Lee Valley Leisure Trust - Charity Advice	-	<p>Our Charity Specialist continues to be available to provide advice on accounting structures, key reporting and auditing requirements etc. to the Director of Finance & Resources as necessary.</p>	<p>Simon Sheldon - Director of Finance & Resources</p> <p>Keith Kellard - Finance & Systems Accountant - Lee Valley Leisure Trust (LVLTT)</p>

Audit		Planned Days	Proposed Coverage	Lead Contact(s)
Parkland & Venues				
Food and Beverage	8	As requested by management, we will evaluate the adequacy and effectiveness of the policies, procedures, roles and responsibilities required to be adhered to as part of the food and beverage processes in relation to income, stock control and management reporting.	Kulvinder Sihota - Managing Director - LVL	
Facilities Thematic	30	As a continuation of the work done as part of the agreed 2013/14 internal audit plan, we have agreed with management that the approach should continue to be focused around thematic work thereby focusing on the key risk areas and areas of previous weakness, across a wider number of facilities. We will assess the extent to which adequate controls are in place across the facilities and the level of compliance with both these and the requirements of the Authority's Financial Regulations.	Brian Daley - Director of Venues LVL Bill Moran - Head of Venues LVL	
Facilities - Unannounced Spot Check, White Water Centre	6	As requested by management, we will complete work at the White Water Centre. This will include following up on issues identified as part of our 2013/14 Facilities Thematic audit and covering the financial management arrangements at the site.	Bill Moran - Head of Venues LVL	
Facilities - Unannounced Spot Check, Athletic Centre	6	As requested by management, we will complete work at the Athletic Centre. This will include following up on issues identified as part of our 2013/14 Facilities Thematic audit and covering the financial management arrangements at the site.	Bill Moran - Head of Venues LVL	
IT Audit				
To be determined	24	To be determined. However, consideration will be given to Business Continuity and the Follow Up of the 2013/14 and 2014/15 IT Audit recommendations.	Simon Sheldon - Director of Finance & Resources Simon Clark - IT Manager LVL	

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Contract Audit			
Dobbs Weir	12	<p>As part of the agreed 2012/13 internal audit plan, we undertook an audit of the system of controls in place around the commercial justification, procurement and project management of the Dobbs Weir scheme.</p> <p>We will conduct a focused risk based contract audit of the next phase of the Dobbs Weir scheme and report on the management controls necessary to ensure that it has been planned, procured, project managed and cost controlled in accordance with, where relevant, both EU and UK primary legislation, the Authority's contract standing orders/financial regulations/policies/procedures, the form of contract used and recommended practice for the type of procurement and contract used. We will also follow up on the recommendations raised as part of our 2013/14 contract audit.</p>	Gregg Pettit - Section Manager APMD
Follow-Up, Management and Consultation, and Contingency			
Follow-Up	10	<p>Completion of follow-up work on recommendations raised and agreed as part of the 2014/15 Internal Audit Plan, together with any other outstanding recommendations, where the same audits are not being undertaken again as part of the 2015/16 Plan.</p> <p>The follow-up work is of key importance in terms of ensuring that previously raised and agreed recommendations have been implemented by management. If this is not the case, the Authority's risk exposure is not lowered in respect of the weaknesses originally identified, and hence the value of the internal audit work undertaken is reduced.</p>	N/A
Management and Consultation	10	<p>To cover attendance by Mazars management at relevant Audit Committee meetings and production of required reports for these. Also to cover attendance at progress meetings and any other meetings not specifically related to individual audits. In addition, to cover Mazars managements' non-audit specific liaison and communication with officers across the Authority and with the Authority's external auditors.</p>	N/A

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Contingency	7	To be allocated as necessary during the course of the year.	N/A
Total	155		

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

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. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all 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. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

June 2015

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