

**ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT
2022/23 AND AUDIT PLAN 2023/24**

Presented by the Corporate Director

SUMMARY

The purpose of this report is to inform Members about the work of the Internal Auditors (Mazars) during the financial year 2022/23.

The Audit Plan for 2022/23 was approved by the Audit Committee in June 2022 (Paper AUD/127/22). 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 2023/24.

RECOMMENDATIONS

- Members Note: (1) the annual report of the Internal Auditors for 2022/23 detailed in Appendix A to this report; and
- Members Approve: (2) the annual Audit Plan for 2023/24 as detailed in Appendix B to this report.

BACKGROUND

- 1 The Audit Plan for 2022/23 was approved at a meeting of the Audit Committee in June 2022 (Paper AUD/127/22). 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. 2023/24 will be the sixth 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). According to the Framework agreement, there is an option of an extension which will be discussed at the APEX meeting to be held on 21 June 2023.

AUDIT WORK – 2022/23

- 3 The majority of the planned audit activity was completed in accordance with the 2022/23 Plan with the majority of the reviews in the Plan being 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, and 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 – 2022/23

- 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.

In the assurance based reviews in the Plan, one (Budget Management) received Substantial, five Moderate and two Limited assurance (Estates and Facilities: Maintenance and Statutory Compliance, and Staff Training and development).

Certain weaknesses and exceptions were highlighted by our audit work, two recommendations of which were assessed as Priority 1 within our reviews of; Estates and Facilities: Maintenance and Statutory Compliance (one), and Staff Training and Development (one).

Our Follow-Up work indicated that the majority of previous recommendations raised could be closed as either implemented or superseded, though there were four (6%) which we have identified as remaining outstanding at the time of our 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 2022/23 (pages 6/7 in Appendix A to this report) summarises the main level of assurance for each of the eight areas evaluated. One Area received substantial assurance, five areas audited indicated moderate assurance with two areas receiving limited assurance. The areas with limited assurance were:

- **Estates & Facilities: Maintenance and Statutory Compliance**
The Authority does not maintain an overall spreadsheet to schedule and monitor completion of expected estates checks / maintenance activities, for example statutory checks over gas and electrical assets. Mazars were provided with a spreadsheet (MPG Timeframes) that acts as a schedule for MPGs at five venues. They were unable to confirm the presence of a clear and consistent record for capturing all statutory checks and expected maintenance across all sites. It was also noted that the spreadsheet only covers expected regularity of checks and does not log a live position to show most recent or next scheduled completion.

Mazars selected a further sample of six statutory checks across three venues from a schedule of MPGs across five sites, however, completion certificates and/or reports were not provided so they could not provide any assurance in this area. They did note that management indicated that they expected to be complete, and that this was therefore viewed as an audit testing limitation due to limited management capacity.

Where there is no clear control for scheduling and tracking statutory checks, planned maintenance, and reactive repairs, there is a risk that essential work is not completed. This could lead to legislative requirements being missed and potential financial and reputational loss.

Where maintenance checks are not completed to their assigned frequency, there is a risk that essential repairs could be missed leading to an unsafe environment.

- **Staff Training and Development**
Policies and procedures should be reflective of the Authority's cultural approach to training and appraisal. The Senior Leadership team should clearly define their targets and principles, and the desired level of training and appraisal. Current training and development policies and procedures are out of date (2006 and 2017 respectively), and do not describe the current processes for delivering staff appraisals, development, and training activities. There is no mention of the appraisals system, and there is no discussion about the programs in place (e.g. the e-learning platform and the Genesis platform). The Head of HR had informed Mazars that the updated schedule will be three-yearly for procedures, five-yearly for policies. The policy states that employees who do not attend mandatory training will be liable to disciplinary procedures, without defining what those procedures are. Through discussion with various managers, we found that no disciplinary procedures are available. The policy refers to meetings between Heads of Service and the management team which will discuss how to incorporate specific training needs into the program – through discussions with the site managers, Mazars found that there are limited formal support mechanisms available to site managers when considering what training is necessary. Where policies/procedures are out of date, there is a risk that these become inaccurate leading to misunderstanding and inconsistencies on the part of staff engaged in training and development/appraisal activities.

All priority 1 recommendations made in individual Audit Reports to improve the

internal control environment are to be implemented immediately (or as soon as is practicable 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. 2022/23 provided varying assurance, with Budgetary Control showing Substantial assurance and Fraud Prevention/Detection Framework showing Moderate assurance.

- 9 All key findings and recommendations from all the audits in 2022/23 will be monitored by the auditors during 2023/24. Adequate follow-up time to do this has been incorporated into the Audit Plan for the year ahead.

ANNUAL AUDIT PLAN - 2023/24

- 10 Appendix B to this report sets out a summary Plan for Audit during 2023/24. 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 77 days to allow completion of the Audit Plan in 2023/24 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	2020/21	2021/22	2022/23	2023/24 Plan
Payroll	Substantial	N/A	N/A	N/A
Debtors	N/A	N/A	N/A	N/A
Creditor	N/A	N/A	N/A	Scheduled
Treasury Management	Substantial	N/A	N/A	N/A
Budgetary Control	N/A	Deferred	Substantial	N/A
Cash & Banking	N/A	Moderate	N/A	N/A
Debt Management	Substantial	N/A	N/A	N/A
Stock Control Procedures	N/A	Moderate	N/A	N/A
High Risk Transactions Credit Cards & Key Controls	Substantial	N/A	N/A	Scheduled
Fraud prevention / detection	N/A	N/A	Limited	N/A
Campsites financial systems	N/A	N/A	Moderate	N/A
Marinas 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.

Author: Vince Donaldson, 01992 709816, vdonaldson@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/127/22	Annual Report on the Work of Internal Audit 2021/22 & Audit Plan 2022/23	23 June 2022
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 &	22 June 2017

Audit Committee	AUD/69/16	Audit Plan 2018/19 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 2022/23
Appendix B	Internal Audit Plan 2023/24

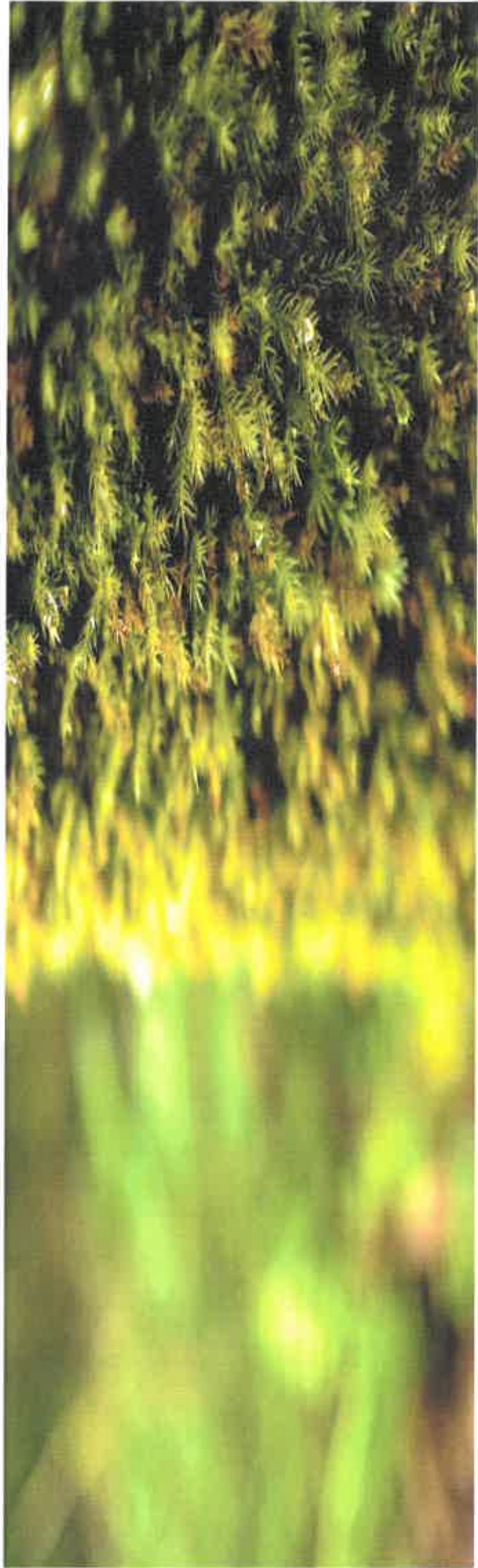
LIST OF ABBREVIATIONS

IT	Information Technology
PSIAS	Public Sector Internal Audit Standards

Lee Valley Regional Park Authority - Internal Audit Annual Report
For the year ended 31 March 2023
June 2023

Final Report

mazars



Contents

01 Introduction	1
02 Internal Audit work undertaken in 2022/23	1
03 Annual opinion	1
04 Benchmarking	4
05 Performance of Internal Audit	5
A1 Summary of Internal Audit work undertaken in 2022/23	6
A2 Priority 1 Recommendations Raised during 2022/23	9
A3 Statement of Responsibility	12

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 2023 (2022/23) and incorporates our internal audit annual 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 Report including the internal audit annual 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 2023 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 2022/23 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 2022/23 financial year.

02 Internal Audit work undertaken in 2022/23

The Internal Audit Plan for 2022/23 (Plan) was considered and approved by the AC in July 2022. The Plan was for a total of 97 days including 7 days Follow Up, 10 days Management, and 10 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. As part of these discussions the planned review of Data Management was deferred. This was due to concerns over capacity within the Authority team to support this review. This was discussed with the Authority's senior management team and it was agreed that alternative coverage of contract management processes should instead take place. With this exception of this change, all other reviews were delivered in line with the Plan.

A total of 4.5 contingency days were utilised during the period including but not limited to, instances where auditees were unable to provide evidence or to work with auditors during their allocated timeframes.

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;
- 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.

Whilst the majority of the work within the Plan was conducted remotely, there was no significant impact on the scope and our ability to conduct the remaining audits.

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.

In the assurance based reviews in the Plan, one (Budget Management) received Substantial, five Moderate and two Limited assurance (Estates and Facilities: Maintenance and Statutory Compliance, and Staff Training and development).

Certain weaknesses and exceptions were highlighted by our audit work, two recommendations of which were assessed as Priority 1 within our reviews of; Estates and Facilities: Maintenance and Statutory Compliance (one), and Staff Training and Development (one).

Our Follow-Up work indicated that the majority of previous recommendations raised could be closed as either implemented or superseded, though there were four (6%) which we have identified as remaining outstanding at the time of our 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.

We also performed an audit of the Authority's Risk Management Framework for which we provided a Moderate opinion, with three Priority 2 recommendations.

Internal control

Of the seven other audits undertaken in the year where we provided a formal

assurance level, one was given a 'Substantial' level of assurance (Budget Management), four were given a 'Moderate' level of assurance (LSC Contract Management, Contract Management, Campsites – Financial and Booking System, Fraud Prevention/Detection Framework) (further to the Risk Management framework review as set out above, which also received a Moderate Opinion) and two a 'Limited' level of assurance (Estates and Facilities: Maintenance and Statutory Compliance, Staff Training and Development). No audits were given an 'Unsatisfactory' level of assurance.

During the year, we have made two 'Priority 1' recommendations, and these are summarised in Appendix A2 of this report. We have also made 26 recommendations categorised as 'Priority 2' and 21 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 73 recommendations that had reached their expected completion date and confirmed their implementation status. Of those 73, 49 (67%) had been superseded (40 of which were the recommendations which related to spot checks at venues which are no longer the jurisdiction of the Authority), 20 (27%) were classed as Implemented, 2 (3%) as In Progress and 2 (3%) as Not Implemented.

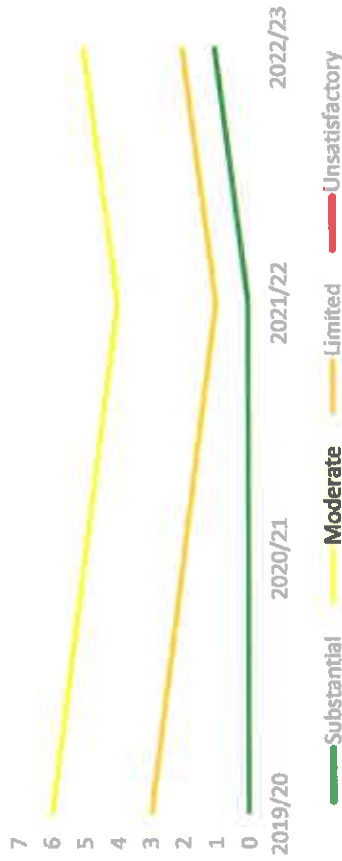
Recommendations made during the year were accepted by Management and will be followed up as part of the Plan for 2023/24.

04 Benchmarking

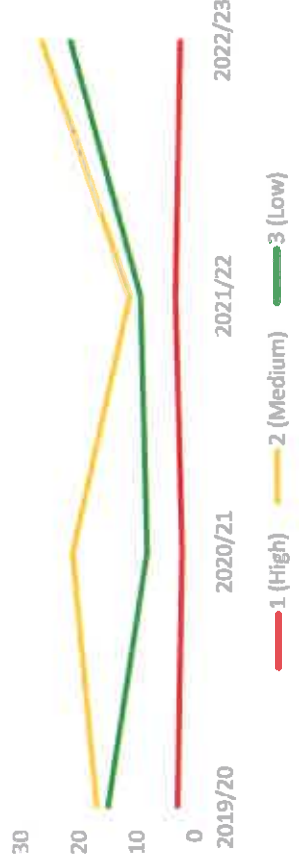
This section compares the Assurance Levels (where given) and categorisation of recommendations made at the Authority.

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

Year-on-year Assurance Levels Comparison



Year-on-year Recommendation Priority Comparison



12

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.

Overall, the assurance work completed in 2022/23 represents a negative trend from previous years, with a minor increase (one to two) in the number of Limited opinions from what had been a gradual decline over the preceding three years (one in 2021/22, HR – Leave/Absence). It should be noted however that more assurance reviews were carried out 2021/22 (8 in contrast to 5) and that the number of Moderate opinions has increased, together with a first Substantial opinion.

The breakdown of Priority 1, 2, and 3 recommendations has seen an overall increase from previous years. This is driven by two Limited opinion reports, which collectively account for 17 of the 49 recommendations, including 13 of the 28 Priority 1 and 2 recommendations. While Priority 1 recommendations decreased from three to two, Priority 2 recommendations increased from 11 to 26, and Priority 3 recommendations increased from nine to 21.

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 (Nojan 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, other than the planned review of Data Management, which was replaced by an audit of Contract Management. This was agreed with the Authority's senior management team.

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

Conflicts of Interest

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 2022/23

The following reviews were undertaken during the 2022/23 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	
Health and Safety Contract Procurement	N/A - Advisory	5	4	-	-	-	-	-
LSC Contract Management	Moderate	10	10	-	2	3	5	5
Data Management	N/A - deferred	10	1.5***	-	-	-	-	-
Contract Management	Moderate	0	10****	-	4	2	6	6
Campsites – Financial and Booking System	Moderate	8	8	-	3	2	5	5
Budget Management	Substantial	8	8	-	1	1	2	2
Risk Management Framework	Moderate	7	7	-	3	5	8	8
Fraud Prevention/Detection Framework	Moderate	8	8	-	2	4	6	8
Estates and Facilities: maintenance and Statutory Compliance	Limited	7	10***	1	5	-	6	6
Staff Training and Development	Limited	7	7	1	6	4	11	11
Follow Up*	N/A	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	
Management	N/A	10	10	-	-	-	-	-
Contingency	N/A	10	(4.5)**	-	-	-	-	-
Totals		97	90.5	2	26	21	49	49

*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.

***Days used taken from contingency.

****Audit added in year as a replacement. Budgeted days reassigned.

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
Satisfactory	The framework of governance, risk management and control is adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
Unsatisfactory	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.

Recommendation Grading	Definition
Priority 1 (High)	Major issues for the attention of senior management and the Audit Committee.
Priority 2 (Medium)	Important issues to be addressed by management in their areas of responsibility.
Priority 3 (Low)	Minor issues resolved on site through discussions with local management.

A2 Priority 1 Recommendations Raised during 2022/23

Report	Recommendation	Rationale	Management Response	Responsibility and Deadline
Estates & Facilities Maintenance and Statutory Compliance	<p>Completion of Statutory Safety Inspections</p> <p>The Authority should maintain a clear schedule that captures all statutory checks, planned maintenance, and reactive repairs across all its venues. Alternatively, separate schedules may be used to differentiate between GLL and Authority-managed venues.</p> <p>The Authority should ensure that the schedule for MPGs at GLL venues is fully complete with no missing data.</p> <p>The completion and sign-off sections of MPG guidance documents should be fully completed in line with their bespoke frequency, and a record of overall completion (or any gaps/delays) maintained.</p>	<p>The Authority does not maintain an overall spreadsheet to schedule and monitor completion of expected estates checks / maintenance activities, for example statutory checks over gas and electrical assets. We were provided with a spreadsheet (MPG Timeframes) that acts as a schedule for MPGs at five venues. It was noted that the Waterworks Centre venue maintenance performance schedule did not have a prescribed frequency for Controls and BMS. We were unable to confirm the presence of a clear and consistent record for capturing all statutory checks and expected maintenance across all sites. It was also noted that the spreadsheet only covers expected regularity of checks and does not log a live position to show most recent or next scheduled completion.</p> <p>MPG guidance documents have been produced for specific activities that inform on the required inspections and how frequently they should be carried out. They also contain sign-off sections allowing venue managers to confirm the completion and date of inspections and checks in line with the prescribed frequency. We selected two MPG inspections at one GLL venue and two Authority venues to ensure that inspections were completed at the prescribed frequency. We noted the following:</p> <ul style="list-style-type: none"> ▪ The Emergency Lighting MPG at Holyfield Farm has not been completed at its required frequency. Emergency lights are supposed to be checked daily, however, there is only one date and signature for each week of the year but there are five slots for data entry. The monthly and yearly checks have been input; ▪ The Gas Fired Emitters at Sewardstone Campsite are scheduled for monthly inspections; however, August and September 2022 are not filled out at all, and October and November 2022 are signed but not dated; 	<p>The Head of Asset Maintenance is currently undertaking a review of the inspection process to standardise all statutory inspections and ensure that MPGs are checked on random site visits. The introduction of a Computer Aided Facilities Monitoring (CAFM) system for the LSC venues will aid greatly in the monitoring process and, by cross team working, the use of the Contract and Quality Officer to carry out spot checks during his venue audits will assist until the department is fully staffed. Site managers will also be reminded of their duty to carry out the requisite checks at their sites and ensure records are correctly signed off.</p>	<p>Head of Asset Maintenance October 2023</p>

Report	Recommendation	Rationale	Management Response	Responsibility and Deadline
		<ul style="list-style-type: none"> ▪ The Boilers and associated plant MPG at Sewardstone Campsite, has the yearly check dated as July 2023 with the previous check being 27/10/21. It is likely that this was an inputting error; ▪ The previous and current yearly check data fields for the Fire Hydrants MPG at the Lee Valley Ice Centre have not been input at all; and ▪ Two of the six samples were not provided with one of these being because the venue did not have the asset we requested. The other MPG has not been sent as evidence. <p>We selected a further sample of six statutory checks across three venues from a schedule of MPGs across five sites, however, completion certificates and/or reports were not provided so we could not provide any assurance in this area. We did note that management indicated that they expected to be complete, and that this was therefore viewed as an audit testing limitation due to limited management capacity.</p> <p>Where there is no clear control for scheduling and tracking statutory checks, planned maintenance, and reactive repairs, there is a risk that essential work is not completed. This could lead to legislative requirements being missed and potential financial and reputational loss.</p> <p>Where maintenance checks are not completed to their assigned frequency, there is a risk that essential repairs could be missed leading to an unsafe environment.</p>		

Report	Recommendation	Rationale	Management Response	Responsibility and Deadline
<p>Staff Training and Development</p> <p>The central HR team should develop and produce updated policies and procedures which relate to Staff Training, Appraisal and Development, as soon as possible. These should include a cover sheet for version control and a schedule for updating. When creating the policy, there should be strategic review of what is desirable and required for the adequate training and appraisal of staff, which should be agreed by the Senior Leadership team alongside the systems and requirements.</p>	<p>Staff Development and Training Policy</p> <p>The central HR team should develop and produce updated policies and procedures which relate to Staff Training, Appraisal and Development, as soon as possible. These should include a cover sheet for version control and a schedule for updating. When creating the policy, there should be strategic review of what is desirable and required for the adequate training and appraisal of staff, which should be agreed by the Senior Leadership team alongside the systems and requirements.</p>	<p>Policies and procedures should be reflective of the Authority's cultural approach to training and appraisal. The Senior Leadership team should clearly define their targets and principles, and the desired level of training and appraisal. Current training and development policies and procedures are out of date (2006 and 2017 respectively), and do not describe the current processes for deliver staff appraisals, development, and training activities. There is no mention of the appraisals system, and there is no discussion about the programs in place (e.g. the e-learning platform and the Genesis platform). The Head of HR has told us that the update schedule will be three-yearly for procedures, five-yearly for policies. The policy states that employees who do not attend mandatory training will be liable to disciplinary procedures, without defining what those procedures are. Through discussion with various managers, we found that no disciplinary procedures are available. The policy refers to meetings between heads of service and the management team which will discuss how to incorporate specific training needs into the program – through discussions with the site managers, we found that there are limited formal support mechanisms available to site managers when considering what training is necessary. Where policies/procedures are out of date, there is a risk that these become inaccurate leading to misunderstanding and inconsistencies on the part of staff engaged in training and development/appraisal activities.</p>	<p>The Staff Training & development policy and procedure is already being drafted.</p>	<p>Head of HR, 31st January 2023</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 reply 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.

Registered office: 30 Old Bailey, London EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.



Lee Valley Regional Park Authority
**Internal Audit Strategy, Operational Plan
2023/24 and Charter**
Draft for Audit Committee
Prepared by: Mazars LLP
Date: June 2023



DRAFT for Audit Committee

Contents

- 1 Introduction
- 2 Operational Plan 2023/24
- 3 Strategy 2023/24 – 2025/26
- 4 Internal Audit Charter

Statement of Responsibility

Disclaimer
This report (Report) was prepared by Mazars LLP at the request of the Lee Valley Regional Park Authority (LVRPA) and the 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 its weaknesses that exist, or of all the improvements that may be required. The Report was prepared solely for the use and benefit of the LVRPA and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims any liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, misinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, misinterpretation, 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 responsibilites, limitations and confidentiality.



01

Section 01:
Introduction

DRAFT for Audit Committee



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).

We have developed a three-year Internal Audit Strategy (Strategy) in this paper, which informs a 2023/24 Operational Plan. 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 2023/24 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. There have been no changes since the previous version of the Charter approved as part of the 2023/24 plan.

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 2023/24 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 2023/24

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:

- Initial discussion and longlisting with the Senior Contracts & Quality Manager and SMT;
- Met with the Chief Executive, Deputy Chief Executive, Senior Contracts & Quality Manager, and Head of Finance for an initial planning session 09 May 2023;
- Reviewed the outcomes of 2022/23 internal audit work;
- Considered the latest assessment of risks facing LVRPA, as detailed in the Corporate Risk Register (as of March 2023);
- 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 2023/24 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 2023/24 (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 2023/24

Internal Audit Operational Plan 2023/24

An overview of the Internal Audit Operational Plan 2023/24 is set out below.

Proposed Summary Operational Plan for Approval						
Audit Area	Days	LVRPA Sponsor	Other LVRPA Contacts	Target Start Date	Target AC (as applicable)	
Risk Based Considerations						
LSC Contract Management	10	Corporate Director	Senior Contracts & Quality Manager Senior Sport, Leisure, Procurement and Project Manager	January 2024	June 2024	
Data Management*	10	Deputy Chief Executive	Head of Legal Senior Accountant	October 2023	February 2024	
Manines - Financial and Booking Systems	8	Head of Finance	Site Managers: Springfield, Stanstead Abbotts	October/November 2023	February 2024	
Business Continuity Planning	7	Corporate Director	Senior Contracts and Quality Manager	November/December 2023	February 2024	
Other Considerations						
Core Financial Controls	10	Head of Finance	Chief Accountant	January - March 2024	June 2024	
Management and Reporting Activities						
Follow Up	7	Corporate Director	Senior Contracts & Quality Manager	Ongoing	Ongoing	
Management	10	Corporate Director	Senior Contracts & Quality Manager	Ongoing	N/A	
Contingency	15			As requested	As requested	
Total	77					

*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 2023/24 Contd.

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2023/24 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.

LSC Contract Management – 10 days

This review will comprise the Authority's management of selected risks relating to contract management of the Leisure Services Contract (LSC) to Greentech Leisure Limited (GLL). This could consider overall contract management and performance monitoring, or focus on selected risks relating to specific sites, or elements of the contract specification that GLL are responsible for maintenance, income, visitor experience, etc.

A review of LSC contract management was completed in the 2022/23 Plan to assess contract management activity at that stage.

This is included in the Plan in relation to Risk SR2.7 from the Corporate Risk Register.

Data Management – 10 days

Data privacy management was included within our 2022/23 Plan before being deferred to this 2023/24 Plan. Outline scoping with the Authority's Deputy Chief Executive and the Head of Legal identified that data protection is an area that the Authority is looking to review and refresh. The Authority has recently updated their data protection policy to align with the ICO's accountability framework.

Initial priorities identified, subject to detailed scoping, were:

- Data privacy governance;
- Incident and data breach management;
- Policies and procedures in relation to the above topics; and
- Staff training and awareness in relation to the above topics.

This might form part of a number of phased audits across the strategy to provide wider coverage across the ICO's accountability framework.

This is included in the Plan in relation to Risks SR3.1 and 3.2 from the Corporate Risk Register.

Marinas - Financial and Booking Systems – 8 days

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

This follows on from an audit completed in the 2022/23 Plan over systems in use at the Authority's campsites.

This is included in the Plan in relation to Risk SR3.6 from the Corporate Risk Register.

Internal Audit Operational Plan 2023/24 Contd.

Business Continuity Planning – 7 days

This review will consider the Authority's controls to respond to Business incidents: illness/staff unavailability, fire, flood, etc. Subject to detailed scoping, this could consider Risk Identification and Business Impact Analysis, Development of overall/site-specific business continuity plans with recovery time/point objectives, Staff training, testing/simulations, and lessons learned/refinement form tests and live exercises. This is included in the Plan in relation to Risks SR2.6 and 7.2 from the Corporate Risk Register.

Core Financial Controls – 10 days

This review will consider selected areas of the Authority's core financial controls. This is an area subject to cyclical coverage as part of our Plans. Areas which have been subject to recent coverage are: Fraud Prevention / Detection Framework (22/23), Cash and Banking (21/22), Stock Control (21/22), Debt Management (20/21), and Treasury Management (20/21).

Outline scoping with management identified Creditors and use of Credit Cards as initial preferred areas of coverage under this Plan.

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 – 15 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 2023/24 – 2025/26

Strategy 2023/24 – 2025/26

Our updated Internal Audit Strategy 2023/24 – 2025/26 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		2023/24	2024/25	2025/26	
SR1.1: Failure to comply with the 1966 Park Act and other statutory requirements.	Corporate Governance 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	-	-	-	Contract Management (22/23)
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 -- Advisory (22/23) Contract Management
SR2.4: Contractor stability affected by external influences or national/international conditions prevailing at the time.	Contract Management	-	-	-	Contract Management (22/23)
SR2.5: Insufficient contractors tendering for contracts.	Procurement	-	-	-	Procurement (21/22)
SR2.6: Major equipment or other failure at one or more venues resulting in temporary/permanent cessation of operations	Business Continuity Planning Disaster Recovery	-	-	-	Business Continuity and Disaster Recovery (19/20) Disaster Recovery and BCP (20/21)

Strategy 2023/24 – 2025/26 Contd.

Risk Based Considerations (continued)					
Strategic Risks	Auditable Area	Previous coverage	2023/24	2024/25	2025/26
SR2.7: Failure of LSC contractor organisation or failure of LSC contractor to deliver as required by contract	Project Management / Assurance Leisure Services Contract Management / Oversight / Service Levels	LSC Contract Management (22/23)	✓	✓	✓
SR2.8: Management of Facilities Contracts & failure to maintain assets to a good H&S and operational standard	Building and Facilities Management Capital Expenditure/ Estates Management	Estates and Facilities, Maintenance and Statutory Compliance (22/23)	-	-	-
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 (21/22) Cyber Security (20/21)	-	-	-
SR3.2: Inadequate I.T Infrastructure/ Systems/Data for new LSC.	Data / Privacy Management IT Strategy, User access, IT Controls, IT Strategy	Cyber Security (19/20) IT GIS (21/22) Cyber Security (20/21) Cyber Security (19/20)	✓	✓	✓
SR3.3: Inadequate I.T. Infrastructure/ Systems/Data support due to staff shortages from Covid 19 related illness	Resource Management / Workforce Planning	-	-	-	-
SR3.4: GLL Booking System (Flow) not ready to be used at venues when contract with Omnicore end on 31 Oct 2022. Clarity is now end of life	-	-	-	-	-
SR3.5: 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 (19/20)	-	-	✓
SR3.6: Insufficient Authority Resources to fully manage contract	Budget Setting and Control Debt Management Treasury Management	Campsites - Booking Systems (22/23) Debt Management (20/21) Treasury Management (20/21) Debtors (19/20) Treasury Management (18/19)	✓ Marinas - Financial and Booking Systems	-	-

Strategy 2023/24 – 2025/26 Contd.

Strategic Risks		Risk Based Considerations (continued)			
Auditable Area		2023/24	2024/25	2025/26	Previous coverage
SR3.7: The Authority have insufficient staff at all levels due to impact of 'long Covid' resulting in staff being unable to perform duties or on long term sickness	Resource Management / Workforce Planning	-	-	-	-
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 (22/23)
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	✓	-	-	-
SR4.3: Failure of GLL to achieve 90% of income target in Year 1, resulting in renegotiation of Year 2 MF	Project Management / Assurance Leisure Services Contract Management / Oversight / Service Levels Strategy Setting and Monitoring Corporate Governance	-	-	-	-
SR5.1: Lack of a clear corporate direction.	Stakeholder Engagement Income forecasting and receipt	-	✓	-	-
SR5.2: Impact on the Authority's powers to raise the Levy and resistance from all constituent councils.	Stakeholder Engagement Marketing and Communications Incident Management	-	✓	-	Marketing and Communication (19/20)
SR6.1: Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships.	Stakeholder Engagement Communications Strategy Incident Management	-	-	-	-
SR6.2: Impact on Authority's reputation due to service failure caused by Covid-19 or any similar pandemic or infectious disease, damaged stakeholder and/or contractor relationships.	Business Continuity Planning Disaster Recovery	-	-	-	Disaster Recovery and BCP (20/21)
SR7.1: Inadequate business continuity implementation at any (all) sites following natural disaster, IT failure including Cyber Terrorism, Flooding, Disease Outbreak (animals/humans), Terrorism.	Disaster Recovery	✓	-	-	Business Continuity and Disaster Recovery (19/20)

Strategy 2023/24 – 2025/26 Contd.

Risk Based Considerations (continued)					
Strategic Risks	Auditable Area	Previous coverage	2023/24	2024/25	2025/26
SR7.2: Inadequate pandemic or infectious disease management processes in place park wide following major pandemic outbreak/further spikes in Covid 19 or other infectious disease and more restrictions including local tier restrictions and national lockdowns.	Business Continuity/Planning Covid/Pandemic	Disaster Recovery and BCP (20/21) Business Continuity and Disaster Recovery (19/20)	✓	-	-
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	-	-	-	-
SR9.1: Ice Centre Failure in Strategic Risks 1-3 above in the development of the Ice Centre circa £30m project and Legal Challenge. Ice Centre not operational at agreed date	Project Management / Assurance	-	-	-	-
SR9.2: Picketts Lock Development Failure in Strategic Risks 1-3 above in the development of the Picketts Lock circa £40m project and Legal Challenge.	Project Management / Assurance	-	-	-	-
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		-	-	-	-

Strategy 2023/24 – 2025/26 Contd.

Area		Other Considerations (continued)			
Auditable Area		2023/24	2024/25	2025/26	
Governance and Strategy					
	Corporate Governance				
	Strategic Planning				
	Performance and Reporting				
	Risk Management				
	Assurance Mapping				
Risk Management					
	General Ledger				
	Budget Setting and Control				
	Purchasing/Procurement				
	Sundry Income/Debtors				
	Cash and Banking				
	Assets and Inventories / Stocks and Stores				
	Fraud Prevention and Detection				
Core Financial Controls					
	Payroll				
	Expenses				
Payroll and Staff Expenses					
	Building and Facilities Management				
	Capital Expenditure/ Estates Management				
Property / Estates					
	Recruitment and Retention				
	Leave and Absence				
	Performance Management				
	Training and development				
HR					
	Commercial Management of Performance Management of Commercial Activities (Trust) (18/19)	-	✓	-	
	Risk Management (18/19)	-	-	-	
	Risk Management Framework (22/23) Fraud Prevention / Detection Framework (22/23)	-	-	-	
	Cash and Banking (21/22)				
	Stock Control (21/22)				
	Debt Management (20/21)				
	Treasury Management (20/21)	✓	✓	✓	
	Cash and Banking (19/20)				
	Creditors (19/20)				
	Debtors (19/20)				
	Treasury Management (18/19)				
	PCI Compliance (18/19)				
	Payroll (20/21)				
	Use of Credit Cards (20/21)	-	-	✓	
	Estates and Facilities: Maintenance and Statutory Compliance (22/23)	-	-	-	
	Staff Absence/Leave (2021/22)				
	Staff Induction and Performance (2020/21)				
	HR On-Boarding and Off-Boarding (2019/20)	-	✓	-	
	Staff Training and Development (22/23)				

Strategy 2023/24 – 2025/26 Contd.

Area		Other Considerations (continued)				
Auditable Area		Previous coverage	2023/24	2024/25	2025/26	
Volunteers	Volunteer Strategy / Processes	Volunteer Management (2019/20)	-	-	-	
Auditable Area		Management and Reporting	2023/24	2024/25	2025/26	
	Follow Up	✓	✓	✓	✓	
	Management	✓	✓	✓	✓	
	Contingency	✓	✓	✓	✓	
Total		-	XX	TBC	TBC	

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 owner 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 reviews 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 its 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 those of an operational, financial, compliance or other nature and are the direct responsibility of the Senior Executive Team. LVRPA leads 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 assurance on the management of risk and other aspects of LVRPA's business. These 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 assurance 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 frameworks. In doing so, Internal Audit works closely with the Senior Executive Team and the Senior Executive Team.

In addition to providing independent assurance to various stakeholders, Internal Audit leads identify areas where LVRPA's existing processes and procedures can be developed to improve the extent with which risks in these 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 financial and non-financial, and other property or assets if considers necessary to fulfil its responsibilities. Internal Audit may enter business property and has unrestricted access to all locations and offices 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 internal 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 obtained or reviewed 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 LVPSA's business based on a risk-based plan agreed with the AC.
- Provide the Board with clear, visible, but not absolute, assurance as to the adequacy and effectiveness of the controls associated with the management of risk in the area being audited.
- Issue reports directly to the AC, and the Senior Executive Team summarising results of assurance activities.
- Exclude an individual, employee, and anti-corruption culture within LVPSA's and the prevention and detection of fraud.
- Focus on the investigation of allegations of fraud, bribery and corruption within LVPSA and facility management and the AC of the results.
- Assess the efficacy of remedial action to address significant risk and control issues reported to the AC. Responsibility for remedial action is reported to management with the management.

The AC's inherent limitations in its system of internal control and thus scope of implications may occur and will be determined by Internal Audit's work.

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

Internal Audit will support the management in determining measures to remedy deficiencies in risk management, control and governance processes and compliance to LVPSA'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 sections, there are inherent limitations in any system of internal control. Internal Audit will provide the Senior Executive Team and the Board through the AC with reasonable but not absolute assurance as to the integrity and effectiveness of

LVPSA's 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 LVPSA 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 LVPSA's governance, operational and information systems regarding the:

- Achievement of the organisation's strategic objectives.
- Integrity 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 each 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 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 way:

- The annual risk-based plan is compiled by the Head of Internal Audit taking account of LVPSA's risk management / assurance framework and after input from members of the Senior Executive Team, it is then presented to the Senior Executive Team and 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 of LVRPA.
- Chair of the LVRPA AC and
- Any other member of the Senior/Executive Team.

The independence of the contacted Head of Internal Audit is further safeguarded 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/compatibilities declaration via the tailored 'My Compliance Responsibilities Portal' which includes personal disclosures for:

- Annual Returns (a regulatory obligation regarding independence, fit and proper status and other matters which everyone in Mazars must complete).
- Personal Connections (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 consultancy 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 for 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.

Duty-Professional Care

The Internal Audit function is bound by the following standards:

- Institute of Chartered Accountants' 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, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent advisor.

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 competences to deliver the risk-based plan. Both the Head of Internal Audit, and the Engagement Manager are required to hold a professional qualification (CAIA, CISA or equivalent) and be suitably experienced.

Performance Measures

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

We take responsibility to the Low 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 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.

Registered office: 30 Old Bailey, London, EC4M 7AU - United Kingdom. Registered in England and Wales No 06308299.



DRAFT for Audit Committee

This page is blank