

LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE

25 JUNE 2020 AT 13:00

Agenda Item No:

5

Report No:

AUD/110/20

**ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT
2019/20 AND AUDIT PLAN 2020/21**

Presented by 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 2019/20.

The Audit Plan for 2019/20 was approved by the Audit Committee in June 2019 (Paper AUD/98/19). 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 2020/21.

RECOMMENDATIONS

- Members Note: (1) the annual report of the Internal Auditors for 2019/20 detailed in Appendix A to this report; and
- Members Approve: (2) the annual Audit Plan for 2020/21 as detailed in Appendix B to this report.

BACKGROUND

- 1 The Audit Plan for 2019/20 was approved at a meeting of the Audit Committee in June 2019 (Paper AUD/98/19). 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. 2020/21 will be the third year of a 6 year contract under a framework agreement held by the London Borough of Croydon and approved by Members of this committee (Paper AUD/85/18 22 February 2018).

AUDIT WORK – 2019/20

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

2019/20 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 – 2019/20

- 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 4 of Appendix A to this report. This states:

From the Internal Audit work undertaken in compliance with the PSIAS in 2019/20, it is our opinion that we can provide **Substantial Assurance** that the system of internal control in place at the Authority and the Trust for the year ended 31 March 2020 accords with proper practice.

- 8 The key findings of the report for each Audit carried out in 2019/20 (pages 5 to 33 in Appendix A to this report) summarise the main recommendations. All areas audited indicated full or substantial assurance with three areas receiving limited assurance. The areas with limited assurance were:

- **HR on boarding & off boarding (Authority & Trust)**

Updates are provided in the Audit report to the recommendations that have been made.

- **Debtors (Trust)**

No response has been received by the Trust.

- **Business Continuity & Disaster Recovery (Authority & Trust)**

In the build up to the transfer of the venues returning to the Authority a new business continuity, emergency and incident management plan was produced to reflect that change in management of the venues and structure to support this. At the same time the Authority was dealing with the early stages of the COVID-19 pandemic and the subsequent lock down which took place just before the transfer back of the venues was undertaken. As a result, a specific COVID-19 risk register has been produced and the Authority will undertake more review, training, a testing of its processes around business continuity to ensure it has a robust position when venues etc start to reopen.

All priority 1 recommendations made in individual Audit Reports to improve the internal control environment are implemented immediately (or as soon as is practical to do so). Where priority 2/3 recommendations are made,

management consider this in context of the risk and resource required to make the improvement and prepare a written response to the auditors setting out plans for implementation including the officer responsible, and the timing of any implementation.

Financial systems are reviewed on a cyclical basis by the auditors based upon the level of risk in any particular area. 2018/19 provided full and substantial assurances in the areas audited as has been the case in previous years.

Pages 34 to 35 of Appendix A to this report provides assurance regarding the level of implementation of recommendations from the previous year's audits.

- 9 All key findings and recommendations from all the audits in 2019/20 will be monitored by the auditors during 2020/21. Adequate follow-up time to do this has been incorporated into the Audit Plan for the year ahead.

ANNUAL AUDIT PLAN - 2020/21

- 10 Appendix B to this report sets out a summary Plan for Audit during 2020/21. 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 107 days to allow completion of the Audit Plan in 2020/21 reflecting a reduced emergency budget allocation as a result of the COVID-19 pandemic and the Authority needing to tightly manage cash resources whilst delivering its statutory duties; 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 and Trust.

Audit	2017/18	2018/19	2019/20	2020/21 Plan
Payroll	Substantial	N/A	N/A	Audit
Debtors	N/A	N/A		N/A
Creditor	N/A	N/A		N/A

Treasury Management	N/A	Full	N/A	Audit
Budgetary Control	N/A	Substantial	N/A	N/A
Cash & Banking	N/A	N/A		
Debt Management	Substantial	N/A	N/A	Audit
High Risk Transactions Credit Cards & Key Controls	Substantial	N/A	N/A	Audit

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: Simon Sheldon, 01992 709859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/98/19	Annual Report on the Work of Internal Audit 2019/20 & Audit Plan 2020/21	20 June 2019
Audit Committee	AUD/88/18	Annual Report on the Work of Internal Audit 2018/19 & Audit Plan 2019/20	21 June 2018
Audit Committee	AUD/85/18	Award of Internal Contract	22 February 2018
Audit Committee	AUD/77/17	Annual Report on the Work of Internal Audit 2017/18 & Audit Plan 2018/19	22 June 2017
Audit Committee	AUD/69/16	Annual Report on the Work of Internal Audit 2016/17 & Audit Plan 2017/18	16 June 2016
Audit Committee	AUD/64/16	Award of Internal Audit Contract	25 February 2016
Audit Committee	AUD/61/15	Annual Report on the Work of Internal Audit 2014/15 & Audit Plan 2015/16	25 June 2014
Audit Committee	AUD/51/14	Annual Report on the Work of Internal Audit 2013/14 & Audit Plan 2014/15	19 June 2014
Audit Committee	AUD/41/13	Annual Report on the Work of Internal Audit 2012/13 & Audit Plan 2013/14	20 June 2013

Audit Committee	AUD/28/12	Annual Report on the Work of Internal Audit 2011/12 & Audit Plan 2012/13	28 June 2012
Audit Committee	AUD/20/11	Annual Report on the Work of Internal Audit 2010/11 & Audit Plan 2011/12	02 June 2011
Audit Committee	AUD/07/10	Annual Report on the Work of Internal Audit 2009/10 & Audit Plan 2010/11	20 May 2010

APPENDICES ATTACHED

Appendix A	Internal Annual Audit Report 2019/20
Appendix B	Internal Audit Plan 2020/21

LIST OF ABBREVIATIONS

IT	Information Technology
PSIAS	Public Sector Internal Audit Standards

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Lee Valley Regional Park Authority and Vibrant Partnerships
Internal Audit Annual Report 2019/20

June 2020

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Status of Our Reports

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 4 of this report for further information about responsibilities, limitations and confidentiality.

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) and Vibrant Partnerships, the trading name of Lee Valley Leisure Trust Limited (the Trust) during the 2019/20 financial year.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the UK Public Sector Internal Audit Standards (PSIAS). 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); and
- A summary of the audit work from which the opinion is derived (including any reliance placed on the work by other assurance bodies).

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; and
- Any issues judged to be particularly relevant to the preparation of the annual governance statement.

It should be noted that the Authority and the Trust are responsible for ensuring 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.

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

It should be noted that the Authority's contract with the Trust ended in March 2020. A new provider Greenwich Leisure Limited (GLL) was due to take over, to manage the sporting venues, with the Authority taking back non-sporting venues e.g. farm / campsite. Due to legal challenge, the planned transition has been delayed and is not expected until April 2021. In the interim, the Authority is managing all activities. As audit activity within 2019/20 has covered elements of both the Authority and Trust, the scopes, findings and recommendations detailed in the following sections should be considered as applicable at the time they were raised. Context may now have changed and future follow-up work and audit coverage may need to be adjusted to account for changes in controls and management expectations of process.

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 and the Trust's systems of governance, risk management and internal control.

Overview of Work Done

The Internal Audit Plan for 2019/20 included a total of 13 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 and the Trust, to help ensure the most appropriate use of our resources.

As a result of this liaison, some internal audit projects have been added to the Plan, others have been consolidated or split into separate elements, and the timing of a number of others has been changed. However, it should be noted that there were no scope impairments or restrictions in 2019/20. All work was conducted prior to Covid-19.

We generally undertake individual internal audit projects with the overall objective of providing the Members/Trustees, the Chief Executive/Managing Director 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 and probity audits. 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 2019/20.

In this report, we have drawn on the findings and assessments included in all internal audit reports issued in 2019/20.

Acknowledgement

We would like to take this opportunity to thank management and staff for the co-operation that we have received during the 2019/20 financial year.

Overall Summary

As illustrated in the tables below, there has been a reduction in the percentage of audits receiving a 'Full' or 'Substantial', assurance grading from 83% last year to 66.66% this year. There has been three 'Limited' assurance gradings this year, which is higher than the number recorded in 2018/19. The number of 'No Opinion' assurance pieces of work has decreased from seven to four. However, it should be noted that there is no direct correlation between the number of Limited opinion reports issued in 2018/19 and those in 2019/20. The three 2019/20 Limited opinions relate to Debtors; HR On-boarding and Off-boarding; and Business Continuity and Disaster Recovery. In 2018/19, the area receiving Limited assurance was Performance Management of Commercial Activities.

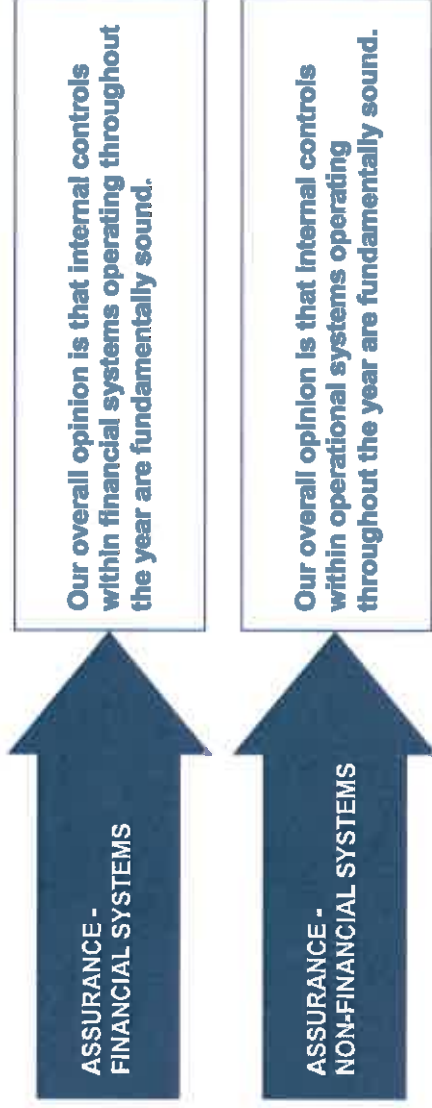
Report Ratings

We are pleased to report that we have not issued any 'nil assurance' opinions in 2019/20 (none were issued in 2018/19).

Assurance Gradings	Number of Projects	
	2019/20	2018/19
Full	0	2
Substantial	6	3
Limited	3	1
Nil	0	0
Sub-Total	9	6
No Opinion Assurance Work	4	7
Work In Progress	0	0
Total Projects Delivered	13	13

Opinion 2019/20




From the Internal Audit work undertaken in compliance with the PSIAS in 2019/20, it is our opinion that we can provide **Substantial Assurance** that the system of internal control in place at the Authority and the Trust for the year ended 31 March 2020 accords with proper practice. The assurance can be further broken down between financial and non-financial systems, as follows:



Audits Undertaken

This table provides an overview of all the assignments undertaken and the assurance provided, where applicable. Where relevant, there is a fuller description of the outcome of the audit in the next section of the report.

Audit	Assurance Opinion	Direction of Travel	Notes
Cash and Bank (Trust)	Substantial	N/A (first separate audit of this area)	The assurance level has not changed since the previous audit in 2016/17, but it should be noted that the 2016/17 audit was a joint review that covered both the Authority and the Trust. There is no direction of travel indicator shown as this is the first audit that has covered the Trust separately.
Creditors (Authority)	Substantial	N/A (first separate audit of this area)	The assurance level has not changed since the previous audit in 2016/17, but it should be noted that this audit was a joint review that covered both the Authority and the Trust. There is no direction of travel indicator shown as this is the first audit that has covered the Authority separately.
Creditors (Trust)	Substantial	N/A (first separate audit of this area)	The assurance level has not changed since the previous audit in 2016/17, but it should be noted that this audit was a joint review that covered both the Authority and the Trust. There is no direction of travel indicator shown as this is the first audit that has covered the Authority separately.
Debtors (Trust)	Limited	N/A (first separate audit of this area)	The assurance level has deteriorated since the previous audit in 2016/17, but it should be noted that this audit was previously a joint review that covered both the Authority and the Trust. There is no direction of travel indicator shown as this is the first audit that has covered the Trust separately.
Contract Management (Advice)	N/A	N/A	Work completed by the specialist Contract Auditor.
HR On-boarding and Off-boarding (Authority and Trust)	Limited	N/A	The majority of recommendation related to both the Authority and the Trust, however there was one priority 3 recommendation that related to the Trust only (Recommendation 3) and one priority 2 and one priority 3 recommendation that related to the Authority only (Recommendations 10 and 8 respectively).

Audit	Assurance Opinion	Direction of Travel	Notes
Volunteer Management (Authority)	Substantial		
Marketing and Communication (Trust)	Substantial	N/A (first separate audit of this area)	The assurance level has not changed since the previous in 2013/14 but it should be noted that this audit was a joint review that covered both the Authority and the Trust. There is no direction of travel indicator shown as this is the first audit that has covered the Trust separately
Facilities Spot Check – Hockey & Tennis Centre (Trust)	N/A	N/A	
Facilities Spot Check – Riding Centre (Trust)	N/A	N/A	
Facilities Spot Check – VeloPark (Trust)	N/A	N/A	
Cyber Security (Authority and Trust)	Substantial		The direction of travel for cyber security controls has improved from 'Limited Assurance' to 'Substantial Assurance', since the last Cyber Security audit in June 2018.
Business Continuity and Disaster Recovery (Authority and Trust)	Limited		The direction of travel for disaster recovery has deteriorated since the last Disaster Recovery audit took place during 2016. The previous review provided for 'Substantial' assurance.

Appendix 1 - Final Internal Audit Report Summary and Recommendations – 2019/20

Cash and Bank (Trust)

The cash and banking processes across the venues are subject to separate audits, including unannounced spot checks. The focus of this audit, was therefore the cash and banking processes for the income received directly by the Finance Teams and for the reconciliation of monies received at the venues.

The audit reviewed the procedures for the operation of the Cash and Bank function to verify that:

- Applicable staff are aware of and understand all relevant policies and procedures relating to the administration of cash and banking. To verify that the administration of cash and banking is conducted in accordance with internal policies and any statutory requirements.
- Up-to-date bank signatories are maintained in accordance with the approved Scheme of Delegation.
- Access to online banking is restricted to authorised officers.
- Income collected by the central Finance Team is accounted for and recorded onto the system in a complete, accurate and timely manner.
- Income collected by the central Finance Team is held securely prior to being banked.
- Income collected by the central Finance Team is banked promptly and intact.
- Discrepancies between collected income and banking amount are followed up and resolved promptly.
- Income recorded on the system and banked (this will include income received centrally and that from the venues) is receipted in the relevant bank account in a complete, accurate and timely manner.
- Income, both received centrally and from the venues, is correctly coded and accounted for in the accounts of the Trust.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	The Trust should complete a review of the bank signatories and confirm the operational needs of the business. The bank mandate should be updated accordingly in-line with the decision made.	3	Head of Finance	Immediate	Head of Finance has completely reviewed the Banking system. No authority staff had been assigned to manage the Trust's Bank.
2	The Trust should remind staff of the need to sign the BDI collection receipt. Spot checks should be undertaken by	3	Head of Finance	Immediate	The Head of Finance raised this issue with the Finance Team. Process as follows:

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
	management to verify completion.				<ol style="list-style-type: none"> 1. BDI delivers the coins. 2. Finance Team sign BDI delivery form. 3. Tea room staff come over to Mydd House and sign the form as a confirmation of money collection.
3	The Trust should locate the agreement in place with BDI Securities for the cash collection service.	3	Managing Director	31 March 2020	<p>The service agreement would be originated by previous senior Finance personnel in 2010, therefore there is great possibility it has been filed and archived.</p> <p>The Trust will renew the current agreement before 31 March 2020. Head of Finance has recommended all agreements to now be kept in the Finance office for review.</p>
4	The Trust should ensure that at month end, any significant discrepancies or long-term unreconciled items are escalated to the Trust's Managing Director and Director of Business Services and that these are followed through until they are resolved.	3	Head of Finance	Immediate	<p>Since the last audit the process has been improved with the Payable and Receivable Officer reconciling bank transactions on daily basis and Head of Finance reconciling all venue transactions on a weekly basis.</p> <p>When the Head of Finance took over the bank reconciliation from the Authority there were some fairly old unreconciled transactions, but which are now fully cleared.</p>

Creditors (Authority)

This is the first year that separate Trust and Authority Creditors audits have been completed. The Trust's Finance Team are a small team responsible for the processing of invoices and payments for both the Authority and Trust. Updates to the eFinancials system including user access is managed by the Authority's Chief Accountant. The raising and approval of purchase orders on the system is the responsibility of delegated officers within the Authority and Trust. Purchase orders are raised and approved on the system, and invoices are matched against these when received. As at 25 September 2019 a total of 1,278 purchase orders had been raised for the Authority with a total value of £2.5m.

The audit reviewed the procedures for the operation of the Creditors function to verify that:

- Relevant staff are aware of and understand all relevant policies and procedures relating to the administration of creditors. To ensure that the administration of creditors is conducted in accordance with internal policies and any statutory requirements.
- Access to the creditors system is restricted to appropriate officers and that there is sufficient segregation of duties between these.
- Additions, deletions and amendments to creditor standing data (including supplier details, VAT rates, payment terms and bank account details) are processed in a complete, accurate, valid and timely manner.
- Robust processes are in place over the changes to supplier contact details and bank account details.
- Purchase orders are raised in a complete, accurate and timely manner in order to capture accurate financial commitment on the system.
- Invoices received are processed in a complete, valid and timely manner.
- Creditor payment details are recorded on the financial system in an accurate and timely manner.
- Accurate and valid payments are made to suppliers in a timely manner and that these are recorded.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	The Authority should implement an eFinancials user access form where the specific access requirements of the user are recorded such as being set up to raise or approve orders against an account code. The form should be subject to appropriate authorisation and retained on record.	3	Chief Accountant	December 2020	We are looking at whether we can easily implement a "user access request" form, given the potential movement that may be required. Currently, only the Chief Accountant and System Analyst, as eFin system administrators are able to set up new users, so control is limited to only two individuals, who are aware of the system structure and access requirements. Also, an audit log is kept of user changes, and can be assessed and reviewed any time. However, we are aware that a change is required, and will be reviewed in line with the upgrade to eFinancials which is planned for later in 2020.
2	The system owner should undertake a review of the eFinancials system user list on an annual basis. Evidence of the review should be retained.	3	Chief Accountant	April 2020	Access is reviewed on a continuing basis, although no formal timetable exists for review. However, with the movement of staff back to the Authority in April, a full review will be conducted again.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
3	<p>The Authority should not set up new suppliers on the system until a completed Purchase Supplier Creation Form has been received. The completed Purchase Supplier Creation Forms should be retained on file. These requirements should be incorporated within the procedures and disseminated to staff.</p> <p>Spot checks of completed Supplier Creation Forms should be undertaken by management.</p>	2	Senior Finance Officer	September 2020	<p>In normal circumstances, a supplier creation form is required prior to setting one up on the system. These are retained on file. However, depending on the nature of the payment it may not always be possible to do this as early as would be liked, or may be necessary to do so without a creation form. However, supplier details are always checked (address/bank details) where payment is being made to ensure the system agrees with the invoice. We will, however, update the procedures to ensure staff are aware of the requirements.</p>
4	<p>The Authority should produce a monthly report detailing the number of purchase orders that were raised retrospectively. The report should detail exceptions per service area in order to focus learning outcomes and improvements. The report should be escalated to management.</p>	2	Senior Finance Officer	September 2020	<p>It may not be possible to produce this report, however we will look to see if we can.</p>
5	<p>The Authority should produce a monthly report detailing the time taken to pay invoices. Exceptions to the agreed payment terms with the individual suppliers should be investigated and where appropriate escalated to management.</p>	3	Senior Finance Officer	December 2020	<p>There are numerous reasons why suppliers may not be paid within a 30 day invoice date deadline – dispute, late receipt, credit note application. It may not be simply a case of stating that payment is late. Wherever possible, invoice are paid within time. There is an eFinancials report which summarises invoice paid within terms, but is in summary, and does not take into account reasons that may affect late payment. I do not believe there is a detailed report available currently. We will check if there is any update with the eFinancials upgrade.</p>

Creditors (Trust)

The Authority is a statutory body responsible for managing and developing open spaces and sports venues along the 26 mile long, 10,000 acre park covering the valley of the River Lee. The Trust currently manage 14 of the Authority's venues. The Trust's Finance Team is currently responsible for the processing of invoices and payments for both the Authority and Trust. The raising and approval of purchase orders on the system is the responsibility of delegated officers within the Authority and Trust. Purchase orders are raised and approved on the system, and invoices are matched against these when received.

The total number of purchase orders raised in the 2018/19 financial year was 6,458 with a total value of just over £6.5 million. The Trust's financial year runs from 1 October to 30 September.

The audit reviewed the procedures for the operation of the Creditors function to verify that:

- Relevant staff are aware of and understand all relevant policies and procedures relating to the administration of creditors. To ensure that the administration of creditors is conducted in accordance with internal policies and any statutory requirements.
- Access to the creditors system is restricted to appropriate officers and that there is sufficient segregation of duties between these.
- Additions, deletions and amendments to creditor standing data (including supplier details, VAT rates, payment terms and bank account details) are processed in a complete, accurate, valid and timely manner.
- Robust processes are in place over the changes to supplier contact details and bank account details.
- Purchase orders are raised in a complete, accurate and timely manner in order to capture accurate financial commitment on the system.
- Invoices received are processed in a complete, valid and timely manner.
- Creditor payment details are recorded on the financial system in an accurate and timely manner.
- Accurate and valid payments are made to suppliers in a timely manner and that these are recorded.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	The Trust should implement an eFinancials User Access Form where the specific access requirements of the user are recorded, such as being set up to raise or approve orders against an account code. The form should be subject to appropriate authorisation and retained on record.	3	Head of Finance	1 April 2020	The Financial System will need to be upgraded by 1 April 2020. As part of the upgrade the New User form can be introduced.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
2	The Trust's system owner should undertake a review of the eFinancials system user list on an annual basis. Evidence of the review should be retained.	3	Head of Finance / Senior Management Team	1 April 2020	At the moment the review only can take place by the Financial System Administrator which falls into the Authority IT Department. As part of the Financial System upgrade this function could be passed to the Trust IT Department and list of users could be distributed to Senior Management Team.
3	The Trust should not set up new suppliers on the system until a completed Purchase Supplier Creation Form has been received. The completed Purchase Supplier Creation Forms should be retained on file. These requirements should be incorporated within the procedures and disseminated to staff. Spot checks of completed Supplier Creation Forms should be undertaken by management.	2	Head of Finance	Immediate	A supplier creation form should be created on every occasion and filed properly. We will review the process with the Finance Team and will try to rectify the issue.
4	The Trust should ensure that only Trust staff are assigned access to amend the Trust's supplier standing data.	2	Head of Finance	1st April 2020	As at the moment, the Authority IT being the System administrators, the access rights will have to remain the same. This can be addressed as part of the system upgrade.
5	The Trust should produce a monthly report detailing the number of purchase orders that were raised retrospectively. The report should detail exceptions per service area in order to focus learning outcomes and improvements. The report should be escalated to management.	2	Head of Finance	Immediate	This issue had been brought to the Head of Finance's attention and the Trust has already taken action to correct the process, by not allowing creation of blank Purchase Orders in the system. Regular review is taking place and venues managers are notified if the rules are not being followed through.
6	The Trust should change the arrangement for BACS processing so that it is Trust staff who complete the payment authorisation process.	2	Head of Finance	31 January 2020	This can only be executed by Authority's IT Department as they are the Financial System Administrators. The Trust Senior Management Team should be able to agree for this to take place with the Senior Management in Authority.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
7	The Trust should produce a monthly report detailing the time taken to pay invoices. Exceptions to the payment terms agreed with the individual suppliers should be investigated and where appropriate escalated to management.	3	Head of Finance	Immediate	The Trust take great care to pay all suppliers on time. We have identified minor issues with suppliers not being paid on time due to their invoices not being received on time. We are already addressing the issue by communication to all staff members responsible for purchase orders. We are also introducing a weekly report to identify all purchase orders authorised but without an invoice.

Debtors (Trust)

There are two officers within the Trust who are responsible for the debtors processes including raising invoices on the eFinancials system and monitoring outstanding debts. These are the Income Finance Officer and Trainee Accountant.

The audit reviewed the procedures for the operation of the Debtors function to verify that:

- Relevant staff are aware of and understand all relevant policies and procedures relating to the administration of debtors. To verify that the administration of debtors is conducted in accordance with internal policies and any statutory requirements.
- Invoices are raised on the finance system and these are issued in a complete, accurate, valid and timely manner for amounts owing to the Trust but not collected at the point of sale.
- Income that should have been collected at the point of sales is identified promptly and the venue/service is briefed to prevent future occurrence.
- Valid credit notes are raised and issued in a complete, accurate and timely manner and that they are accurately recorded in the accounts within the financial system.
- Income received is banked and accounted for in a complete, accurate, valid and timely manner.
- Where income is received which cannot be immediately identified, every effort is made to identify the correct receiving code/account and description of the income.
- Bounced cheques / failed direct debits and charge backs are administered and the accounts updated promptly so that a recovery process can commence in a timely manner.
- Complete and valid actions are taken to recover overdue amounts in a timely manner, ensuring that such actions are effective and efficient.
- Income collection performance is monitored regularly and corrective actions are taken promptly and as appropriate.

- Valid write-offs are made and that these are recorded in the accounts within the financial system in a complete, accurate, valid and timely manner.

NOTE: The lead contacts involved with this audit are no longer in post, as a result of the contract with the Trust ending in March 2020. Requests for management responses to this report were made on 5 March, 23 March, 15 May and 29 May 2020. No response has been received. The single, high risk, recommendation suggested has been populated below for transparency.

Internal Audit was informed that an aged debtors report is run by the Trust's Finance Team to enable the level of outstanding debts to be monitored and appropriate actions taken. However, there is no consistent process for reporting performance information concerning such debt recovery and actions taken to recover outstanding debts owed to the Trust. From random sample testing of 20 accounts in arrears (from 1 April to 31 December 2019) we identified:-

- five cases where the debt was shown as with LRC but where the report from LRC (produced on 7 February 2020) did not show the debt as with them for recovery; and
- four cases where there was no evidence to show that the debt had been passed to LRC, after the initial reminders, even though this action should have been taken.

Where recovery action is not subject to appropriate monitoring, there is an increased risk that difficulty is experienced in recouping monies owed especially where debts become time barred. As a result bad debts increase leading to financial loss to the Trust.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	<p>A review of all debts with the Trust should be undertaken to verify that appropriate recovery action has been instigated. Action should be taken where recovery action has not been instigated in-line with the agreed procedures.</p> <p>Performance information concerning income collection statistics and recovery actions taken to recover monies owed by debtors, including long-term outstanding debts, should be reported to senior management on a consistent basis. A write off policy should be produced and approved with any future write offs being completed in-line with the approved policy.</p>	1	Not provided	Not provided	Not provided

HR On-boarding and Off-Boarding (Authority and Trust)

As at November 2019 there were 94 permanent members of staff for the Authority and 218 for the Trust.

There were a total of 91 new starters in the period from 1 April to 31 October 2019; 25 for the Authority and 66 for the Trust, whilst in the same period there were nine leavers from the Authority and 76 from the Trust.

The audit reviewed the procedures for the operation of the HR On-boarding and Off-Boarding function to verify that:

- Roles and responsibilities relating to HR on-boarding and off-boarding have been defined.
- Applicable staff are aware of their responsibilities relating to HR on-boarding and off-boarding.
- New staff are provided with both a local and a corporate induction in a timely manner.
- New staff are subject to probationary reviews in-line with procedures.
- Managers have appropriate access to Vision and so are advised of upcoming probation dates.
- The probationary reviews are completed in a timely manner with the associated paperwork returned to HR.
- Membership cards are provided to new starters in a timely manner.
- Membership's cards are obtained from staff in a timely manner when they leave the employment of the Authority / Trust.
- Managers are aware of their responsibility to ensure that work is handed over to the remaining staff.

NOTE: Since the time of finalising this report, the Head of HR (Authority) has provided additional updates and supporting evidence to help demonstrate progress against the 10 actions below. Details shown under the Management Response column.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	The Authority and Trust should create their own Recruitment policies and procedures now that the organisations have de-coupled.	3	Authority – HR Strategic Business Manager HR Support Officer	Authority – 31 March 2021 Trust – N/A	Authority - Authority policies and procedures are in place. These will be reviewed in 2020/21. Trust – HR Manager confirmed that given the current situation with the Trust we will not be implementing the recommendations. Of course should the situation change we will review.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
2	A documented procedure on the leavers process should be put in place and made available to staff and managers across the Authority and Trust.	3	Authority – HR Strategic Business Manager HR Support Officer	Authority – 31 March 2021 Trust – N/A	<u>Update May 2020:</u> Not yet due. However, this is already on the agenda for the Internal Procedure Review Group. A review table is in place. Authority – This procedure will be put in place in 2020/21. Trust – HR Manager confirmed that given the current situation with the Trust we will not be implementing the recommendations. Of course should the situation change we will review. <u>Update May 2020:</u> As per update in 1 above. Expect that full implementation may be achieved ahead of scheduled date.
3	The Trust should develop their own Employee Handbook, as the Authority has done, following the de-coupling.	3	N/A	N/A	Trust – HR Manager confirmed that given the current situation with the Trust we will not be implementing the recommendations. Of course should the situation change we will review. <u>Update May 2020:</u> This recommendation may potentially become applicable again once staff move over to GLL. However, it is expected that terms and conditions will be the same, given that the staff in question already moved over to the Trust in 2015 via TUPE. There may be little value in documenting a second handbook.
4	New Starter Forms should be completed, authorised by both the Line Manager & IT Manager and forwarded to HR. To ensure completion, the New Starter Form should be independently checked and dated by HR officer upon receipt prior to retaining it in the employee personnel file.	2	Line Managers and HR	Immediate	The IT part of the new starter form should go directly to IT as this part does not need to come to HR and HR should not sign this off. New Starter forms (HR section section) should be either signed by the line manager or emailed from the line manager and a copy of the email kept with the form. <u>Update May 2020:</u> The system changes expected by July 2020 should help manage the risk against this action. There have been a small number of new

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
5	<p>The mandatory induction modules should be grouped to ensure they are assigned consistently for all new starters.</p> <p>Consideration should be given to incorporating an automated reminder notification to staff who have not completed the mandatory module within the set timeframe.</p> <p>The reminder notification should get sent to managers at the same time as the automated reminder gets sent to the employee.</p> <p>When this is not acted upon, HR should follow this up with respective managers.</p> <p>In addition, the compliance rates for mandatory training should be reported to senior management on a regular basis.</p>	1	Authority – HR Strategic Business Manager	Authority 31 March 2021 Trust – N/A	<p>starts since the audit, but which all demonstrate compliance.</p> <p>Authority - We will discuss this with the eLearning platform provider to see what is possible from the system. Not all tool box talks or the Payment Card Awareness Data Security Standards are mandatory for all staff, this will depend on their job role.</p> <p>Trust – HR Manager confirmed that given the current situation with the Trust we will not be implementing the recommendations. Of course should the situation change we will review.</p> <p><u>Update May 2020:</u> As a result of furlough (linked to Covid-19), some staff may conduct e-learning during this period. Also currently talking to the e-learning platform provider and setting up data differently. This will allow for easier escalation and the ability to hold line managers to account for monitoring mandatory training and induction of their staff.</p>
6	<p>Managers should be reminded of their responsibilities relating to the induction process.</p> <p>HR should follow up with managers when induction checklists and forms are not returned to HR within the given timeframe.</p> <p>The completed induction record should be retained in the employees personnel file.</p> <p>A protocol between HR and managers to follow up non- completion of local induction or non-submission of required documentation.</p>	2	Authority – HR Strategic Business Manager HR Support Officer	Authority 31 March 2021 Trust – N/A	<p>Authority - We will discuss this with the eLearning platform provider to see what is possible from the system. Not all tool box talks or the Payment Card Awareness Data Security Standards are mandatory for all staff, this will depend on their job role.</p> <p>Trust – HR Manager confirmed that given the current situation with the Trust we will not be implementing the recommendations. Of course should the situation change we will review.</p> <p><u>Update May 2020:</u> Per update for 5 above.</p>

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
	As mentioned above in recommendation 3.5, management should consider introducing an automated reminder notification to staff who have not completed the local induction within the set timeframe. The reminder notification should get sent to managers at the same time as the automated reminder gets sent out. When this is not acted upon, HR should follow this up with respective managers.				
7	All managers should be reminded of the requirement to comply with probation procedure in respect of completing the probation review form and submitting them to HR within the required timescale. HR should monitor compliance and follow-up with the respective line manager when the probation review form has not been returned after the end of probation period.	2	Authority – HR Strategic Business Manager HR Support Officer	Authority 31 March 2021 Trust – N/A	Authority – agree but the chasing up of all things is a time and resource issue. Again the new HR system may be able to help with this, so it will be looked into during 2020/21. Trust – HR Manager confirmed that given the current situation with the Trust we will not be implementing the recommendations. Of course should the situation change we will review. <u>Update May 2020</u> : Linked to actions 5/6, the new system is expected to allow for reminder e-mails to be distributed, allowing ease of oversight from HR.
8	Written approval should be obtained and evidence of this retained for all probation waivers.	3	Authority – HR Strategic Business Manager	Authority – 1 April 2020	Authority – Agree. <u>Update May 2020</u> : This was an isolated incident and further need for a waiver would be rare. With Audit Committee approval, this recommendation should be considered for removal.
9	The leavers form should be amended to include the recovery of membership cards. IT should be also informed of the requirement to de-activate membership	2	Authority – HR Strategic Business Manager	Authority 31 March 2021 Trust – N/A	Authority - Agree – will discuss with IT. Trust – HR Manager confirmed that given the current situation with the Trust we will not be

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
	cards as part of the leaver's process.				implementing the recommendations. Of course should the situation change we will review. <u>Update May 2020:</u> The planned discussion with IT is due to take place in May 2020. No delay expected in respect of implementation by the deadline.
10	Exit Interviews should be incorporated as part of off-boarding process. The exit interviews could be conducted over the phone, face-to-face or via computer based survey.	2	Authority – HR Strategic Business Manager	Authority 31 March 2021	Authority – The Authority will develop an online exit interview questionnaire, which will give the option of a face to face meeting if required by the individual. <u>Update May 2020:</u> The exit questionnaire is simple to put in place. It should be noted that turnover is low, and therefore less of a concern area (Trust was higher turnover, so slight differences in terms of control).

Volunteer Management (Authority)

The Authority has a dedicated Volunteers Team (the Team) in place which is responsible for volunteers. The Team maintains a central database of volunteers which currently has approximately 1,000 individuals who are registered, of which 567 are active volunteers at the Authority. In 2018, the Authority had a total of 16,457 hours completed by volunteers with a volunteer to staff ratio of 8.3:1. The total monetary value of the hours volunteered (using a formula from the National Lottery Heritage Fund) totalled £359,500.

The audit reviewed the procedures for the operation of the Volunteer Management function to verify that:

- Relevant staff are aware of and understand all relevant legislation, policies and procedures required to be adhered to as part of the management of volunteers.
- The overall aims and objectives with regards to the use of volunteers, and the overall approach to volunteer management are clear and understood by all relevant stakeholders.
- The aims and objectives for corporate volunteering are clear and understood.
- There is effective monitoring of the achievement of the strategy against set milestones, and action is taken to address any areas where performance is not achieved.

- Volunteers are used in appropriate circumstances and that, where it is deemed appropriate to use them, the requirements and expectations with regards to their roles and responsibilities are clearly understood by relevant stakeholders.
- The most appropriate volunteers are attracted, at the required times and that the Authority / Trust complies with equality and diversity legislation.
- Volunteers are able to complete their tasks in full and to the required standards, both at the initial point of volunteering and on an ongoing basis.
- The skills and experience gained by existing volunteers are retained in line with the targets set.
- Appropriate expense payments are made to volunteers and that these are made in an accurate and timely manner.
- The performance of volunteers and volunteer programmes, including corporate volunteering is known and appropriate actions are taken to address any areas of poor performance.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	Procedural guidance should be amended to include a dedicated document control section. Periodic checks of the intranet should be undertaken to ensure the latest version is available.	3	Volunteer and Community Engagement Manager	Matrix in place by end of October 2019. Up and running after full review of procedures which is currently being undertaken through Policy and Procedure Group	We will develop a procedure matrix and insert review dates for each procedure to have as a physical check to ensure the correct review. It will include guidance on the required actions: <ul style="list-style-type: none"> • Review document • Make changes require • Change dates and issue number • Forward to Quality Manager to include on QMS • Upload any changed document onto intranet system
2	The Volunteers Team should monitor volunteer recruitment to ensure that only approved roles with completed role descriptions and risk assessments are recruited to. Staff should be reminded of the importance of liaising with the Volunteers Team before taking on volunteers.	2	Volunteer and Community Engagement Manager	End of November 2020	We will e-mail out to all volunteer supervisors to remind them of process and point them to intranet. Another matrix of all roles should be developed and circulated with the e-mail so volunteer supervisors can see roles available. If they need to create new roles we will re iterate they need to speak to Volunteers team for support and to add to management matrix.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
3	<p>Staff should be reminded of the importance of providing the completed Induction Training Checklist to the Volunteers Team. Compliance should be regularly monitored with repeat offenders identified and action taken. A Training Matrix should be developed in order to easily identify gaps in training.</p> <p>In addition, when volunteers leave the organisation and their data is anonymised, details of their induction training/a redacted copy of their induction checklist should be retained to evidence that they received adequate training.</p>	2	<p>Volunteer and Community Engagement Manager</p> <p>Volunteers Officer</p>	<p>1 - Ongoing</p> <p>2 - Now in place</p>	<p>1 - This is something we actually do fairly regularly. We will revisit all supervisors training and see when they last undertook volunteer supervisor training. We have just completed the on line e-learning Volunteer Supervisor training and rolling this out will help. We will continue to monitor and chase supervisors for the induction paperwork and endeavour to ensure records are current and up to date.</p> <p>2 - We will now change our processes for the future so that rather than shredding all paperwork relating to volunteers who have left our organisation we will ensure that a redacted copy of the volunteer induction checklist will be retained on our database to evidence that the volunteer would have received adequate training during their time with us.</p>
4	<p>The Authority should clarify who is responsible for producing and distributing the Performance Scorecard.</p> <p>Reporting of the Performance Scorecard should be added to the Board's Forward Planner.</p>	2	<p>Volunteer and Community Engagement Manager</p>	<p>April 2020</p>	<p>To be flagged up to the Quality Team for an answer. This is an ongoing and live issue which will be resolved by the time a new LSC is issued and the performance team issues are resolved between the Authority and Trust. There should be a resolution by April 2020. To date, and since the audit conversations, we have identified an interim officer and they are now receiving data from the Volunteers Team for the score card. We hope to have a performance scorecard for the first two quarters shortly.</p>

Marketing and Communication (Trust)

The Trust has a Marketing Team led by the Director of Business Services and Marketing Manager. The Trust manages 14 of the Authority's venues and is responsible for these.

The audit reviewed the procedures for the operation of the Marketing and Communication function to verify that:

- Current issues, developments and key messages are communicated to staff and Trust Board members in a complete, accurate, valid, timely and effective manner.
- Relevant information regarding the services/facilities provided by the Trust, and key aspects of its operations and achievements, are communicated to customers, prospective customers and any other external stakeholders in a complete, accurate, valid, timely and effective manner.
- Marketing and communication with customers, prospective customers and stakeholders is completed in a cost effective manner, and in accordance with the Trust's Financial Regulations, particularly through the use of third parties and procurement of goods and services.
- The overall aims and objectives and approach with regards to marketing and communications, is clear and understood by all relevant stakeholders. Also, to ensure there is effective monitoring of the achievement of the strategy against set milestones, and action is taken to address any areas where performance is not achieved.
- The presentation and format of any communications / marketing material is consistent with the Trust's overall branding, and that this complies with any contractual (or other) terms and conditions regarding the Legacy of the London 2012 Olympic Games. In addition, to verify that the content of any communications / marketing material, including web-content complies with any relevant legislative requirements.
- Financial and non-financial information is complete, accurate, valid and produced on a timely basis. In addition, to verify that information allows the Trust to effectively monitor the extent to which it is obtaining value for money from the communications and marketing activities undertaken.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	The Marketing Team should conduct a review of the Trust's website periodically to ensure the content is accurate, relevant and up to date. Outdated content should be removed. Management should develop a timeline on the Trust's website to display chronological of important events happening within the Trust.	2	Managing Director	30 June 2020	Vibrant Partnerships website to be reviewed for use after 1 April, and decision to be made on whether this is kept live, as references to Lee Valley venues would need to be removed, and focus would need to change to fit new business model.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
2	Budget managers should be reminded of the need to comply with the procurement rules as stated in Financial Regulations. All documentation for procurement and quotation exercised should be maintained. Expenditure should be periodically analysed to identify recurring spending. In addition, management should conduct regular spot checks to ensure the expenditure is in compliance with obtaining sufficient number of quotes.	2	Performance & Information Manager / Authority Marketing Team	30 April 2020	The use of TA6, who were procured through a tender process, has improved this area over the last year. Some of the supporting information that was missing could have been lost in the handover as part of the marketing department restructure / decoupling. However, further control is required as identified in the recommendation. The new marketing structure from 1 April, when transferred to the Authority, will need to ensure that these controls are implemented. This recommendation will be passed to the new management (TBC if this will be the Authority Marketing Team) for implementation.

Spot Check – Hockey and Tennis Centre

Spot check undertaken at the Hockey and Tennis Centre to assess compliance with the Financial Regulations and Operating Procedures.

The spot check was completed to verify:

- Training and guidance is provided to staff to ensure they understand the process for cash handling and banking.
- Cash is always checked and re-counted by a second officer.
- Explanations are recorded for variances in cash collected.
- Takings are held securely, with levels of cash held recorded and monitored.
- Banking is undertaken frequently.
- For advanced bookings at the facility, invoices are required to be raised and issued to the customer in advance of facilities being used by customers.
- Quotations are obtained for purchases exceeding £1,000.
- Purchase orders are raised in a timely manner.
- Formal records of all stock are held and stock checks are undertaken regularly.

- Reconciliations are undertaken between stock sold and income received.
 - Deposits are obtained across sites for all relevant activities.
 - Vouchers and staff discounts are controlled; with controls in place to monitor and account for their use.
 - Specific controls in place in relation to each of the areas.
 - The adequacy of these controls in relation to the risks identified.
- The work involved sample testing, where appropriate, of the existing controls to determine their effectiveness.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	Management should regularly review the Training Matrix to ensure that staff have completed all mandatory training. Where training has not been completed action should be taken to book the staff member onto the required training as soon as possible.	2	Centre Manager	Done	The centre has updated the training matrix to reflect that not all staff at the centre need to be CSA trained. A monthly Outlook calendar reminder has been added to the CM and MSA schedules to check and update the training matrix on a monthly basis.
2	Management should ensure that the site retains copies of refund receipts and that the reason for the refund is recorded along with the receipt being signed by the customer and authoriser. Ensure that a record of the original sale is linked to the refund. This could be through adding a reference in the comments or notes section of the refund on Clarity.	2	Centre Manager	Ongoing	Management Team aware of this issue and will action from immediate effect. Issue added to monthly staff / CSA meetings. Centre Manager will carry out spot checks on refund issued through cascade reports.
3	Staff should be reminded of the need to sign the BDI collection receipts.	2	Management Support Assistant	Initial training complete / then ongoing	Management Team aware of this issue and will action from immediate effect.

Ref	Recommendation	Priority	Responsible officer	Target Implementation Date	Management Response
					Issue added to next monthly staff / CSA meetings. Management Support Officer will carry out spot checks on BDI signing in sheets.
4	Staff should be reminded of the need to sign the Drop Safe Record Sheet when cash is collected and banked	2	Management Support Assistant	Initial training complete / then ongoing	Management Team aware of this issue and will action from immediate effect.
5	The Duty Manager should be reminded of the need to sign the Float Book Log every day.	2	Management Support Assistant	Initial training complete / then ongoing checks	Management Team aware of this issue and will action from immediate effect. Management Support Officer will carry out spot checks on Float Log Book.
6	Staff should be reminded that a waiver should be obtained from Finance, where it is not possible / appropriate for quotations to be obtained	2	Centre Manager	Done	Where possible and able comparison quotes are obtained. With the two south Olympic venues especially and in some situations with the other venues it is not possible to get comparison like for like quotes – specialised pieces of equipment, machinery, maintenance contracts in place, health and safety issues, etc. A number of orders are placed with approved Authority suppliers who have gone through procurement processes with set rates of charges. The centre will request a waiver from the South Area Manager where necessary.
7	Purchase orders should be raised before all expenditure is incurred. Where this is not possible, for instance due to emergency/short-notice, the reason for this should be recorded.	2	Management Support Assistant	Done	Training given to finance staff (MSA) to add a note on these occasions.

Ref	Recommendation	Priority	Responsible officer	Target Implementation Date	Management Response
8	Staff should be reminded to retain copies of all delivery notes.	2	Centre Manager	September 2019	We have a process in place for reconciling deliveries with their orders, on very rare occasions a delivery note may not be provided or mislaid when the items are delivered. All staff to be made aware at next staff meeting.
9	The unique barcodes should be recorded for food that is transferred to ensure that food wastage can be allocated to the correct site. Management should consider checking compliance as part of the stock take process.	2	Catering Manager	October 2019	Centre will work with Velopark to ensure an appropriate system is put in place for transferring produce between venues.

Spot Check – Riding Centre

Spot check undertaken at the Riding Centre to assess compliance with the Financial Regulations and Operating Procedures.

The areas covered were the same as for the Hockey and Tennis Centre (detailed above).

Ref	Recommendation	Priority	Responsible officer	Target Implementation Date	Management response
1	Staff should be reminded that the daily cash up records should be appropriately counter-signed. Spot checks should be undertaken by management.	2	Centre Manager	Complete	All CSA's have been reminded via our dedicated CSA WhatsApp group. Centre Manager/Duty Manager will undertake bi-weekly spot checks and record findings.

Ref	Recommendation	Priority	Responsible officer	Target Implementation Date	Management response
2	<p>Staff should ensure that the appropriate number of quotes are obtained in accordance with the Trust's Financial Regulations..</p> <p>Where it is not appropriate to obtain quotes, a confirmation or waiver should be obtained from the Trust's Finance Team.</p>	2	Centre Manager	19 September 2019	<p>Staff aware of the rules regarding number of quotes needed.</p> <p>All invoices over a £1000 without 2 quotes are long standing suppliers i.e. Vet, Farrier and Feed Merchant. Comparisons have been made with other suppliers and it has been found that prices are similar. These suppliers have been used for many years and a good working relationship is established.</p> <p>Centre Manager will look to obtain a waiver.</p>
3	<p>Staff should ensure that till refunds receipts are retained in all cases. This should be signed by the person processing it and should contain a reason for the refund.</p> <p>Spot checks of refunds should be undertaken by management.</p>	2	Centre Manager	Complete	<p>Staff were sometimes giving receipt of refunds to clients and not reprinting a copy for us to keep.</p> <p>All Staff have now been told to reprint a copy of refund receipts and place in till.</p> <p>Centre Manager/Duty Manager to undertake bi-weekly spot checks.</p>
4	<p>The venue should ensure that all relevant management staff have access to Venners stock take reports.</p> <p>The venue should determine whether the stock takes are being completed regularly enough for the business's needs. A timetable should be agreed with Venners which is monitored.</p>	2	Centre Manager	19 September 2019	<p>As stated, previous Centre Manager's log in has been deleted so no access to historic Venners reports on site, however, Head Office will hold copies.</p> <p>Moving forward a new folder has been made which all managers can access.</p> <p>Centre Manager will contact Venners to discuss current timetable.</p>

Spot Check – VeloPark

Spot check undertaken at the VeloPark to assess Financial Regulations and Operating Procedures.

The areas covered were the same as for the Hockey and Tennis Centre (detailed above).

Ref	Recommendation	Priority	Responsible Officer	Deadline for Implementation	Management Response
1	Staff should be reminded that the daily cash up records should be signed by the Cashier and appropriately counter-signed by management. Spot checks of daily cash up records should be undertaken by management.	2	Deputy Regional Manager / Assistant Manager (Operations)	Immediate	Management Team are aware of the counter signing issue through email sent on 16 th July 2019. Operations Manager will carry out spot checks on cash up sheets.
2	Staff should ensure that till refund receipts are retained in all cases. This should be signed by both the person processing it and authorising it. The receipts should contain the reason for the refund. Spot checks of refunds should be undertaken by management.	2	Deputy Regional Manager / Assistant Manager (Operations)	Immediate	Management Team aware of this issue and will action from immediate effect. Operations Manager will carry out spot checks on refund issued through cascade reports.
3	Staff should ensure that the appropriate number of quotes are obtained in accordance with the Trust's Financial Regulations. Where it is not appropriate to obtain quotes, a confirmation or waiver should be obtained from the Trust's Finance Team.	2	Regional Manager	September 2019	Where possible and able comparison quotes are obtained. With the two south Olympic venues especially and in some situations with the other venues it is not possible to get comparison like for like quotes – specialised pieces of equipment, machinery, maintenance contracts in place, health and safety issues, etc. A number of orders are placed with approved Authority suppliers who have gone through procurement processes with set rates of charges. The Regional Manager will provide a waiver on orders where additional quotes cannot be obtained for goods and services,

Ref	Recommendation	Priority	Responsible Officer	Deadline for Implementation	Management Response
					outside of the examples above. Managers will be contacted to explain.

Cyber Security

From December 2018, the Authority's IT department was detached from the Vibrant IT department and now function as separate teams. The Authority's IT team of 5 staff is responsible for the security of the IT network, whilst the network is used by Vibrant. The Clarify booking system is used by Vibrant to book leisure activities and collect associated payments. Therefore, compliance with the Payment Card Industry Data Security Standards (PCI DSS) is the responsibility of Vibrant until 31 March 2020 when the contract expires. Responsibility will then transfer to the Authority.

The audit reviewed the procedures for the operation of the Cyber Security function to verify the following:

- Sufficient protection from external attack exists at all points on the network perimeter which are accessible by the wider Internet.
- All desktop, mobile, perimeter, and infrastructure devices are configured in a secure manner.
- Access is restricted per user to an extent by which they are only able to view, edit, or otherwise use information or assets they are permitted to as part of their role.
- Users sign up to acceptable use procedures.
- All devices are sufficiently protected from malicious software. This includes logical mechanisms such as anti-virus software, as well as training and awareness to aid in preventing users from emplacing malicious software on the organisation's internal network.
- All desktops, servers, and mobile devices are patched in a timely manner as they are released.
- IT equipment is effectively controlled and returned on users leaving the organisation.

NOTE: Requests for management responses to this report were made on 6 March. No response has been received. The recommendations suggested have been populated below for transparency.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	The network route of payment card data from POS to payment application should	2	Not provided	Not provided	Not provided

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
2	<p>be mapped as a layer to the Authority's network diagram.</p> <p>As the card data is not segmented from all other network traffic, arrangements should be made to ensure the security of cardholder data is improved in accordance with PCI DSS requirements.</p> <p>Ideally payment card data should be segmented away from general internet traffic. This will then mean that only that segmented area is in scope for PCI DSS compliance, rather than the whole network as it is now.</p>	2	Not provided	Not provided	Not provided
	<p>The Authority Mobile Devices User procedure should be updated to include guidance on the apps permitted for business use, and the principles and limitations associated.</p> <p>A 'do's' and 'don't's' list would be an effective way of communicating this message. This should be circulated by way of introduction once the rules are established.</p>				

Business Continuity and Disaster Recovery

The audit covered the following areas and testing objectives:

Regulatory, Organisational and Management Requirements

All staff will act consistently in compliance with appropriately documented management and regulatory requirements, each department / manager involved in delivering reliable continuation of service has clearly defined and agreed roles and responsibilities within the IT BCP Framework and duties are conducted in a consistent, economic, efficient and effective manner.

Awareness of IT Business Continuity Planning

All responsible officers and staff within the IT BCP framework are aware of their roles and responsibilities, and have received the necessary training to be able to execute their duties effectively.

Business Impact Analysis

The current impact of non-provision of service, the dependency of services, minimum resource requirements and the maximum tolerable downtime are completely, accurately and timely identified for all services. Services are 'ranked' for criticality based on the application of an appropriate and consistent methodology used across the organisation in line with management's requirements.

Business Continuity Plans

An adequate, effective and appropriately resourced and managed IT BCP has been established, maintained and kept up-to-date for all required services under the defined requirements within the overarching BCP framework.

Partner Organisations

Where critical systems and infrastructure are managed or services are provided by independent partner organisations, the organisation receives complete, accurate, valid and timely assurance that the partner organisations have established adequate and up-to-date continuity provision.

Testing of the Plan

The effectiveness of the IT continuity plan is routinely tested to ensure it will be effective if and when these need to be activated.

NOTE: Requests for management responses to this report were made on 6 March. No response has been received. The recommendations suggested have been populated below for transparency.

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
1	<p>The Authority should complete the update of its DRP, ensuring that all key elements are included.</p> <p>Once completed, the plan should be formally approved and disseminated to all relevant staff to ensure that they are aware of their responsibilities.</p> <p>The DRP should be reviewed and re-approved annually based on lessons learned from testing of the plan.</p>	1	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
2	<p>A separate BCP should be completed for IT, which links to the Authority's overall BCP.</p> <p>The DRP should then be updated with clear references to the IT BCP to ensure that there is a consistent information flow between the plans.</p>	2	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
3	<p>A review of the BIA process should be completed to ensure that the DRP is well informed with the current risks and criticalities affecting the Authority's business operations and disaster recovery arrangements required.</p>	2	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>
4	<p>A Disaster Recovery test plan should be established and followed, based on the risk appetite of the Authority.</p> <p>This should be a dynamic process and will require consideration of scenarios being</p>	1	<i>Not provided</i>	<i>Not provided</i>	<i>Not provided</i>

Ref	Recommendation	Priority	Responsible Officer	Target Implementation Date	Management Response
	<p>based on key emerging threats and associated consequences.</p> <p>The following five testing methods are common methods of DRP testing:</p> <ul style="list-style-type: none"> • Walkthrough Testing - Groups walk through plans to identify issues and changes; • Simulation Testing - Groups go through a simulated disaster to identify whether emergency response plans are adequate; • Checklist Testing - Individuals read and annotate recovery plans; • Full Interruption Testing - Recovery systems are built/set up to assume the full production workload. Primary systems are disconnected in this scenario; and • Parallel Testing - Recovery systems are built/set up and tested to see if they can perform actual business transactions to support key processes. Primary systems still carry the full production workload in this scenario. 				

Appendix 2 - Follow-Up of Previously Raised Recommendations

As part of the Internal Audit Plan for 2019/20, we followed-up the outstanding recommendations previously raised 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 and the Trust's risk exposure is not reduced.

Key Issues to Bring to the Attention of the Finance and Audit Committee

- 89% (90) of recommendations have been implemented and verified.
- 7% (7) of recommendations were advised to have been implemented but evidence provision has been delayed (as a result of Covid-19 impact on staff availability). All recommendations relate to Site Visit - Hockey and Tennis 2019/20.
- 4% (4) of recommendations have been marked as outstanding past due date. All relate to the 2018/19 audit of Authority Budgetary Control, where updates and evidence have been requested but not received.

Audits that have been given an audit opinion of Limited Assurance are annotated in the Summary of Recommendations table with an asterisk *. Although each recommendation is provided with a priority level, for ease of reference, where one or more of the recommendations that have not been verified as implemented are a priority 1, the number agreed column is also marked with a hash (#). There are currently no priority 1 recommendations outstanding. Details of the recommendations that are outstanding past their due dates are given below.





Audit Name	Number Agreed	Responsibility						
		Internal Audit		Authority / Trust				
		Implemented	Implemented to be verified	Due date not reached	Revised Due Date	Outstanding past due date		
2016/17								
Sickness Absence (Authority / Trust)	3	3						
2017/18								
Cyber Security* (Authority / Trust)	12	12						
Analysis of High Risk Transactions Testing and Key Control (Authority / Trust)	8	8						

Audit Name	Number Agreed	Responsibility				
		Internal Audit		Authority / Trust		
		Implemented	Implemented to be verified	Due date not reached	Revised Due Date	Outstanding past due date
Facilities Spot Check -- Dobbs Weir Campsite (Trust)	5	5				
Facilities Spot Check - Springfield Marina (Trust)	3	3				
Facilities Spot Check - Stanstead Marina (Trust)	4	4				
2018/19						
Authority Budgetary Control	4					4
Authority Treasury Management	1	1				
Clarity (Leisure Management System)	4	4				
PCI Compliance	1	1				
Trust Budgetary Control	4	4				
Performance Management Commercial Activities *	12	12				
Athletics Centre - Site Visit	11	11				
Ice Centre - Site Visit	6	6				
White Water Centre - Site Visit	7	7				
2019/20						
Site Visit - Hockey and Tennis Centre	9	2	7			
Site Visit - Riding Centre	4	4				
Site Visit - VeloPark	3	3				
Total:	101	90	7	0	0	4

Appendix 3 - 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	<p>There is a sound system of internal control designed to achieve the Authority/Trust's objectives. The control processes tested are being consistently applied.</p>
 Substantial	<p>While there is a basically sound system of internal control, there are weaknesses, which put some of the Authority/Trust'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/Trust's objectives at risk.</p>
 Limited	<p>Weaknesses in the system of internal controls are such as to put the Authority/Trust's objectives at risk. The level of non-compliance puts the Authority/Trust's objectives at risk.</p>
 Nil	<p>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.</p>

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
 1	<p>Major issues for the attention of senior management and the audit committee.</p>
 2	<p>Important issues to be addressed by management in their areas of responsibility.</p>
 3	<p>Minor issues resolved on site through discussions with local management.</p>

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.

Appendix 4 - Statement of Responsibility

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

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

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

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

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

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M A Z A R S



**Lee Valley
Regional Park Authority**

Internal Audit Plan 2020/21

June 2020

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Disclaimer

This report ('Report') was prepared by Mazars LLP at the request of Lee Valley Regional Park Authority and terms of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, we 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 set out in Appendix 1 of this report for further information about responsibilities, limitations and confidentiality.



1. Executive Summary

This document sets out the proposed Internal Audit Plan for 2020/21.

The Plan has been formulated in conjunction with the Director of Finance & Resources for the Authority and takes into consideration the risk registers, our findings from previous years' internal audit work, planned developments within the Authority, and the requirements of the Authority external auditors.

The total planned days for 2020/21 is 107 and is split as follows:

Input Type	2020/21 Days
Financial Systems	20
General Audit	43
IT Audit	10
Contract Audit	15
Follow-Up	7
Management and Consultation	12
Total	107

We have provided a summary level indication of the proposed coverage for each individual audit / task in Section 02.

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, particularly this year in response to the impact of Covid-19 and the end of the current Leisure Services Contract in March 2020. We will continue to discuss and review the coverage with the Head of Finance and the Authority's Senior Management on an on-going basis. As a result of this emerging situation, a General Audit Contingency allocation of 20 days has been suggested (detailed in Section 2 below). There is an expectation that the days allocated to this section will still definitely be used, but the specific audit areas are yet to be determined (as decisions on coverage will need to be based on emerging risks throughout the year, in response to Covid-19 impact and the end of the current Leisure Services Contract in March 2020). It should be noted that, if the contingency days are not utilised, there may be insufficient breadth across the audit plan to justify an annual opinion for the year.

2. Internal Audit Plan 2020/21

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)
Financial Systems Key Financial Systems (Debt Management, Treasury Management Payroll and Use of Credit Cards)	20	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 to reduce duplication and the impact of our work on the Finance Team. There is scope to embrace data analytics tools (such as IDEA testing) in the approach to these audits. Coverage in the last four years has been as follows: <ul style="list-style-type: none"> • 2019/20 - Cash and Bank (Trust), Creditors (Authority), Creditors (Trust), Debtors (Trust) • 2018/19 - Treasury Management and Budgetary Control • 2017/18 - Debt Management, Payroll and Use of Credit Cards • 2016/17 - Creditors, Debtors, Cash and Banking 	Keith Kellard – Head of Finance
General Audit Induction and Performance Management of Staff	8	Potential areas include: <ul style="list-style-type: none"> • Local induction; • HR induction; • Objective Setting; • Appraisals; and • Performance Management. 	Victoria Yates – Head of HR

Audit	Planned Days	Proposed Coverage	Lead Contact(s)
Contingency (Specific audits to be determined)	20	To Be Determined – management and Internal Audit have suggested keeping a pot general audit days open, with specific audit areas to be agreed throughout the year, to be aligned to Covid-19 / emerging risks and the end of the Leisure Services Contract 2019/20. Current suggestion is for two audits to be covered, one 12 days, one 8 days. However, this should remain flexible and days should be utilised as seen fit (and based on risk).	Authority Senior Management Team
Facilities - Unannounced Spot Checks	15	As requested by management, we will complete a spot check to assess the venue's compliance with policies and procedures relating to invoicing, income & cash handling, purchases, stock management and vouchers & discounts. Management have requested a light touch approach this year. Focus should potentially be on venues which have remained open during the Covid-19 lockdown period, as this is where most auditable activity will be.	Dan Buck – Corporate Director
IT Audit			
To Be Determined	10*	To be determined but will likely cover follow up of the recommendations raised as part of the 2019/20 audits of Cyber Security and Business Continuity. * Due to specialist nature of input for IT audits, the suggested input of 10 days will need to be discussed and clarified at the point the specific audit coverage is agreed.	Simon Clark – Head of IT

Contract Audit	15 **	Contract Management	Dan Buck – Corporate Director
Contract Management	15 **	<p>Contract Management</p> <p>Exact scope to be agreed once a sample of contracts have been selected. However, potential areas will include monitoring of contractor's performance, escalation process, remedies and renewal/extension process.</p> <p>Some expected coverage expected on Grounds Maintenance (but TBC).</p> <p>** Contract audit requires specialist input. Depending on the nature of the work requested, there may be a need to adjust the number of days spent in this area to ensure suitable time and resource can be allocated. It may be possible to move some time out of the Contingency allocation shown above, without impacting total budget.</p>	Dan Buck – Corporate Director
Follow-Up, Management and Consultation, and Contingency			
Follow-Up	7	<p>Completion of follow-up work on recommendations raised and agreed as part of the 2019/20 Internal Audits.</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 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	12	<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 (e.g. plan production, update, contract management etc.). In addition, to cover Mazars managements' non-audit specific liaison and communication with officers across the Authority and with the Authority external auditors.</p>	N/A
Total	107		

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