

## **CLYDE MUIRSHIEL PARK AUTHORITY**

**To:** Clyde Muirshiel Park Authority Joint Committee

**On:** 5 June 2014

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**Report by:** The Treasurer

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**Heading:** Annual Audit Plan 2014-15

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### **1. Summary**

- 1.1 The Annual Audit Plan 2014-15 for the Joint Committee is submitted for Members' information. The Plan outlines Audit Scotland's planned activities in their audit of the 2014-15 financial year.
- 1.2 The Annual Audit Plan 2014-15 includes a section on Audit Issues and Risks. Within this section Audit Scotland have identified a risk of "Management override of controls". This risk is being included in the audit plans of all bodies which Audit Scotland are working with in light of updated international standards on auditing. The inclusion of this risk is not a reflection of increased risk within Clyde Muirshiel Park Authority. Audit Scotland have confirmed that they have not found any issues on this in previous years.

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### **2 Recommendations**

- 2.1 The Joint Committee is asked to note the Annual Audit Plan 2014-15 by Audit Scotland.
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# **Clyde Muirsheil Park Authority Internal Audit Annual Report 2014-2015**

**Finance & Resources  
Internal Audit**

**June 2015**



**Clyde Muirsheil Park Authority**  
**Internal Audit Annual Report 2014/2015**

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## **Clyde Muirsheil Park Authority**

### **Internal Audit Annual Report**

**1 April 2014 – 31 March 2015**

## **1. Introduction**

1.1 As host Authority, Renfrewshire Council provides an internal audit service to Clyde Muirshiel Park Authority. This includes:

- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Regional Park Manager, Clyde Muirshiel Park Authority;
- Delivery of the planned audit assignments;
- Follow up of previous audit recommendations;
- Provision of any ongoing advice and support on audit and risk management related matters;
- Provision of an Annual Report and Assurance Statement, and presentation to elected members at the Clyde Muirshiel Park Authority.

1.2 The Service operates in accordance with the Public Sector Internal Audit Standards which defines Internal Audit's role as:

".....an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

1.3 In line with the Standards, the purpose of this Annual Report is to report on:

- The outcome of the planned Internal Audit reviews 2014/15 relating to Clyde Muirshiel Park Authority;
- The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
- Internal audit performance ;
- Planned audit work for 2015/16;
- The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the Board's internal control environment.

## **2. Responsibilities of Management and Internal Audit**

2.1 It is the responsibility of management to ensure that the areas under their control is adequate and effective and that there is a sound system of internal

control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

- 2.2 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

### 3. Internal Audit Activity during 2014/2015

- 3.1 Two specific reviews were undertaken during 2014/15, in relation to budgetary control and inventory management. The main findings in relation to these reviews are summarised in table 1 below:

**Table 1**

<b>Audit Area</b>	<b>Conclusion</b>
Budgetary Control	<ul style="list-style-type: none"> <li>• <b>Satisfactory Level of Assurance</b></li> <li>• No key risks were identified. A few good practice recommendations were made, which once implemented, will strengthen the overall effectiveness of internal control.</li> </ul>
Inventory Management	<ul style="list-style-type: none"> <li>• <b>No Assurance</b></li> <li>• Inventory records are not maintained on an ongoing basis but rather are updated as part of the year-end inventory checks, therefore this is a risk that lost or missing inventory items may not be identified timeously.</li> <li>• There are a number of areas where Inventory Procedures are not being complied with by CMPA, this includes the requirement to complete annual inventory certificates, use of inventory forms and appointment of Establishment Responsible Officers and a Park Responsible Officer.</li> <li>• Management has agreed to take</li> </ul>

	the appropriate action to mitigate the risks identified.
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- 3.2 The Annual Report for 2013/2014 was submitted to the Authority on 12 September 2014.
- 3.3 A review and update of the authority's financial regulations and codes has been undertaken during 2014/15, to ensure that any revisions made to the Renfrewshire Council financial regulations and codes are incorporated as appropriate.
- 3.4 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2014/15, 15 recommendations were followed up. Of these 12 (80%) have been implemented, 3 (20%) were not implemented by the due date and revised target dates for implementation have been provided and will be followed up in 2015/16.
- 3.5 Internal Audit also carried out reviews of the main corporate systems operating within Renfrewshire Council which support the Authority's activity. The main findings in relation to these are summarised in table 1 below and Renfrewshire Council management have agreed to implement the audit recommendations made in relation to each review:

**Table 1**

<b>Audit Area</b>	<b>Conclusion</b>
<i>System of Internal Financial Control</i>	
Payroll	<ul style="list-style-type: none"> <li>• <b>Satisfactory Level of Assurance</b></li> <li>• No key risks were identified. A few good practice recommendations were made, which once implemented, will strengthen the overall effectiveness of internal control.</li> </ul>
Treasury Management	<ul style="list-style-type: none"> <li>• <b>Satisfactory Level of Assurance</b></li> <li>• No key risks were identified. A few good practice recommendations were made, which once implemented, will strengthen the overall effectiveness of internal control.</li> </ul>



## 4. Review of Internal Audit Performance

- 4.1 Internal Audit produces regular reports on its performance during the year against a range of measures set annually by the Director of Finance and Resources. These are set out in the following table.

**Table 2**

Internal Audit Performance 2014/15		
Performance measure	Target 2014/15	Actual 2014/15
% of audit assignments completed by target date	95%	96.8%
% of audit assignments completed within time budget	95%	96.8%
% of audit reports issued within three weeks of completion of audit field work	95%	96.2%
% completion of audit plan for the year*	95%	95.2%

\* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

The figures in table 2 show that all targets have been achieved.

- 4.2 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit including conformance with the standards. The Chief Auditor undertook a self assessment against the standards during 2013/14 and throughout the year the improvement actions identified have been progressed, including the review of the risk assessment and planning methodology and the Chief Auditor's performance appraisal. All outstanding actions will be completed with the implementation of the upgraded audit management software.

### 4.3 External Audit

External Audit's review of the internal audit service concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place. Customer Satisfaction

### 4.4 Customer Service

Internal Audit issues customer satisfaction surveys at the conclusion of assignments. These measure the level of satisfaction with the way in which the audit was conducted and with the audit report's findings and recommendations. A total of 28 surveys had been issued during the 2014/15

year, and 13 were returned. Returned survey forms showed that 100% of auditees were satisfied with the service provided against a target of 100%.

In April 2015, our Customer Services Excellence Standard accreditation was reviewed and our accreditation renewed as part of a wider Renfrewshire Council Corporate accreditation.

#### 4.5 Risk Management

The responsibility for co-ordinating risk management activity across the council and its associated bodies lies with internal audit. Risk management performance is detailed in Renfrewshire Council's risk management annual report.

### 5. Planned Work for 2015/16

5.1 Following a risk based assessment of the activities of Clyde Muirshiel Park Authority and consultation with the Regional Park Manager, there are no specific internal audit reviews planned for 2015/2016. Time has been provided for ad-hoc financial advice, reactive investigative work, follow-up of previous audits and risk management advice.

5.2 An annual report for 2014/2015 will also be provided to the Authority.

### 6. Audit Assurance Statement

6.1 Internal Audit has performed its work in accordance with the role defined in paragraph 1.2. The audit work performed has been reported to the Regional Park Manager, and to the Authority in this annual report. Where areas for improvement in internal control have been identified appropriate recommendations have been made, and accepted for action by management.

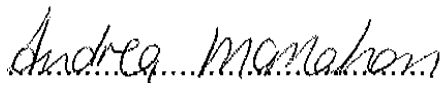
6.2 In view of the continued challenges common to all public bodies, there will be a requirement for the council and the bodies for which it is host authority to exercise very close scrutiny over expenditure, and this area will continue to receive due internal audit attention.

6.3 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism.

6.4 In this context, it is considered that a reasonable level of assurance can be placed upon the adequacy and effectiveness of Clyde Muirshiel Park Authority's internal control, risk management and governance arrangements, as evidenced by:-

- The results of the audit work in 2014/15 in relation to the corporate systems which supported the Clyde Muirshiel Park Authority's activities.

- Management action to respond to audit recommendations.
- The regular review and updating of the Local Code of Corporate Governance by the Council in accordance with the CIPFA/SOLACE framework for corporate governance requirements and of the corporate governance arrangements within Clyde Muirshiel Park Authority.

Signed 

Chief Auditor

Date 5 June 2015