

# **CLYDE MUIRSHIEL PARK AUTHORITY**

**To: JOINT COMMITTEE**

**Date: 19 June 2019**

**Report by  
Chief Auditor**

## **INTERNAL AUDIT ANNUAL REPORT 2019/20**

### **1. SUMMARY**

- 1.1 The Public Sector Internal Audit Standards require the Chief Auditor to prepare a report, at least annually, to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.
- 1.2 The annual report must also provide an annual audit opinion on the overall adequacy and effectiveness of the Clyde Muirshiel Park Authority's internal control environment.
- 1.3 The Annual Report for Clyde Muirshiel Park Authority is attached at Appendix 1 and outlines the role of Internal Audit, the performance of the Internal Audit Team, the main findings from the internal audit work undertaken in 2019/20 and contains an audit assurance statement.

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### **2. RECOMMENDATIONS**

- 2.1 Members are invited to note the contents of the Annual Report.
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# **Clyde Muirshiel Park Authority Internal Audit Annual Report 2019-2020**

**Renfrewshire Council  
Internal Audit**

**June 2020**



**Clyde Muirshiel Park Authority**  
**Internal Audit Annual Report 2019/2020**

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## **Clyde Muirshiel Park Authority**

### **Internal Audit Annual Report**

**1 April 2019 – 31 March 2020**

## **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 Interim 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 any planned Internal Audit reviews 2019/20 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 2020/21;
- 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 are 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 2019/2020

- 3.1 The Annual Report for 2018/2019 was submitted to the Authority on 21 June 2019.
- 3.2 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2019/20, 6 recommendations were followed up. Of these 1 (17%) have been implemented, 3 (50%) have been part implemented and 2 (33%) have yet to be implemented, subject to completion at a later date. There are no critical recommendations outstanding.
- 3.4 Internal Audit also carried out reviews of the main corporate systems operating within Renfrewshire Council which support the Park 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**

Audit Area	Conclusion
General Ledger	<ul style="list-style-type: none"><li><b>Reasonable Assurance</b></li></ul> <p>The audit highlighted that the guidance available to staff was satisfactory. Recommendations were made to strengthen the controls surrounding password access, transaction coding and journal entry authorisation.</p>
Procurement – Quick Quote process	<ul style="list-style-type: none"><li><b>Reasonable Assurance</b></li></ul> <p>The audit has identified that small number of improvements are required to the execution of the</p>



	council's quick quote processes surrounding retaining evidence, approval of successful quotes and analysing spend to ensure the quick quote process is used when required.
Cloud Services	<ul style="list-style-type: none"> <li>• <b>Limited Assurance</b></li> <li>• The review identified that there was scope to improve the cloud security control environment, a number the areas identified were already known to management and work was underway to address. Recommendations were made in relation to formal Cloud Security Assessments for all contractors. We also identified processes that would benefit from completion and implementation of a formal framework for supplier assurance and performance.</li> </ul>

#### 4. Review of Internal Audit Performance

- 4.1 Internal Audit produces regular reports on its performance during the year to the Renfrewshire Council, Audit, Risk and Scrutiny Board, against a range of measures set annually by the Director of Finance and Resources. These targets are set for all internal audit engagements and include Renfrewshire Council and other associated bodies, for which the team provides internal audit services. Table 3 shows the actual performance against targeted performance for the year.

**Table 2**

Internal Audit Performance 2019/20		
Performance measure	Target 2019/20	Actual 2019/20
% of audit assignments completed by target date	95%	95.4%
% of audit assignments completed within time budget	95%	96.9%
% completion of audit plan for the year*	95%	98.5%

\* 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.

4.2 Actual performance for the year, is above the target performance level. There were no specific audit engagements undertaken for CMPA during 2019/20.

4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. The review did not identify any areas of non-conformance that require to be addressed.

#### 4.4 External Audit

External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS.

#### 4.5 Risk Management

The internal audit service through the Risk Manager, provides advice and support to the CMPA officers, as required. An annual risk management report is provided to the Council's Audit, Risk and Scrutiny Board.

### **5. Planned Work for 2020/21**

5.1 Following a risk based assessment of the activities of the Clyde Muirshiel Park Authority and consultation with Renfrewshire Council's Head of Planning and Housing Services, the audit plan provides for ad-hoc advice, reactive investigative work, follow-up of previous audits and risk management advice.

### **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 appropriate management, and to the Authority in this annual report. Where areas for improvement in internal control have been identified appropriate recommendations have been made, and management are currently progressing the implementation of these recommendations.

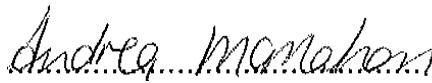
6.2 In view of the continued challenges common to all public bodies, there will be a requirement for the council and the bodies for which it is host authority to exercise very close scrutiny over expenditure, and this area will continue to receive due internal audit attention.

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 2019/20 in relation to the corporate systems which supported the Clyde Muirshiel Park Authority's activities.
- Management action to respond to audit recommendations.
- Management self assessment of internal control, risk management and governance arrangements.
- 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 19 June 2020