

To: Infrastructure, Land and Environment Policy Board

On: 25 August 2021

Report by: Chief Auditor

Heading: Clyde Muirshiel Park Authority – Internal Audit Annual Report

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 Clyde Muirshiel Park Authority Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.
- 1.2 The internal audit 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 Internal Audit 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 2020/21 and contains an audit assurance statement.
- 1.4 The Internal Audit Annual Report supports the Annual Governance Statement which is included in the Annual Accounts.
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2. Recommendations

- 2.1 Members are invited to consider and note the contents of the Annual Report.

Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** – None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.
11. **Privacy Impact** – None
12. **COSLA Implications** – None
13. **Climate Risk** - None

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Clyde Muirshiel Park Authority Internal Audit Annual Report 2020-2021

**Renfrewshire Council
Internal Audit**

August 2021

Clyde Muirshiel Park Authority
Internal Audit Annual Report 2020/2021

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Clyde Muirshiel Park Authority

Internal Audit Annual Report

1 April 2020 – 31 March 2021

1. Introduction

- 1.1 As host Authority, Renfrewshire Council provided an internal audit service to 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 2020/21 relating to Clyde Muirshiel Park Authority;
 - The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
 - Internal audit performance;
 - 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 2020/2021

- 3.1 The Annual Report for 2019/2020 was submitted to the Authority on 19 June 2020. There were no planned audit engagements during 2020/2021.
- 3.2 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2020/21, 5 recommendations were followed up. Of these 2 have not yet been implemented, 1 has been partially implemented, these have been allocated revised implementation dates. 1 recommendation relating to the revision of governance arrangements is now redundant due to the decision to dissolve the joint committee and 1 recommendation relating to password sharing has been rejected on the basis of costs to implement.
- 3.3 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
Payroll	<ul style="list-style-type: none">• Reasonable Assurance <p>The audit identified that temporary changes to employee hours and temporary upgrades are generally actioned correctly. However, some employees with temporary changes of hours were not paid timeously and there was a lack of evidence of signed contracts for some secondments.</p>
Disclosure Checks	<ul style="list-style-type: none">• Reasonable Assurance <p>Arrangements were in place to undertake required PVG checks for employees, including those who transferred to regulated work. However, we identified that there was no evidence to show that records for keeping track of disclosure checks requested for employees and volunteers have been reviewed at regular intervals and that all employees disclosure checks undertaken have been recorded on Business World.</p>

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 2 shows the actual performance against targeted performance for the year.

Table 2

Internal Audit Performance 2020/21

Performance measure	Target 2020/21	Actual 2020/21
% of audit assignments completed by target date	95%	94.5%
% of audit assignments completed within time budget	95%	98.4%
% completion of audit plan for the year*	95%	100%

* 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 A revised audit plan was approved during the year due to the impact of Covid-19 restrictions and to address emerging priorities and risks. The percentage completion of the revised audit plan is marginally below the target set for the year. This was due to a period of unplanned leave in March 2021. The actual performance for the year for the two other indicators, is above the target performance level.

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. Audit Assurance Statement

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 The audit plan is always intended to be flexible and as a result of the Covid 19 pandemic, the audit plan for 2020/21 was reassessed in light of restrictions on our ability to progress certain planned audit engagements and considering other areas of emerging risk. Additionally, the gross available days were reduced by 15% with some staff undertaking other duties and no audit engagements were outsourced as was planned. 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 2020/21 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 25 August 2021