



**LEE VALLEY REGIONAL PARK AUTHORITY**

**AUDIT COMMITTEE**

**20 JUNE 2024 AT 13:00**

**Agenda Item No:**

**7**

**Report No:**

**AUD/149/24**

**ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT  
2023/24 AND AUDIT PLAN 2024/25**

Presented by the Senior Accountant

**SUMMARY**

The purpose of this report is to inform Members about the work of the Internal Auditors (Mazars) during the financial year 2023/24.

The Audit Plan for 2023/24 was approved by the Audit Committee in June 2023 (Paper AUD/133/23). The audit of the Authority's functions has been in accordance with that Plan and has been found to be satisfactory and the level of assurance is noted as 'Moderate'.

The report also sets out a plan for audit during 2024/25.

**RECOMMENDATIONS**

- Members Note: (1) the annual report of the Internal Auditors for 2023/24 detailed in Appendix A to this report; and
- Members Approve: (2) the annual Audit Plan for 2024/25 as detailed in Appendix B to this report.

**BACKGROUND**

- 1 The Audit Plan for 2023/24 was approved at a meeting of the Audit Committee in June 2023 (Paper AUD/133/23). This report looks at the delivery of that plan and summarises the scope of audit coverage during the last financial year.
- 2 The 2023/24 internal audit plan was delivered by Mazars through a framework agreement managed by London Borough of Croydon. This was approved by Members in 2018 (Paper AUD/85/18) and expired in March 2024. Members approved a two year extension to the internal audit arrangement in May 2024 (Paper E/852/24) in line with the extended framework agreement.

**AUDIT WORK – 2023/24**

- 3 The 2023/24 internal audit plan included five audit projects alongside a follow up review of recommendations from previous audits. The fieldwork for one of these audits (the second audit on contract management of the Leisure Services

Contract (LSC)) was delayed until April 2024 and has been deferred to the 2024/25 programme. The four other audits have been fully completed.

- 4 Mazars have prepared a report summarising the completed audits and their findings which 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. A summary of Mazars' follow-up work in 2023/24 was reported to Audit Committee in February 2024 (Paper AUD/142/24).

#### **AUDIT FINDINGS – 2023/24**

- 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 meeting.
- 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:

“On the basis of our audit work, our opinion on the framework of governance, risk management and control is **Moderate** in its overall adequacy and effectiveness”.

- 8 The Summary of Internal Audit work for each Audit carried out in 2023/24 (page 5 in Appendix A to this report) summarises the level of assurance for each of the four areas evaluated. These are shown below:

**Data Management:** This audit reviewed the Authority's compliance with the Information Commissioner's Office's (ICO) Accountability Framework specifically focusing on 'Leadership and oversight' and 'Breach response and monitor', which incorporated expectations from 'Policies and procedures' and 'Training and awareness'. The audit returned a **Substantial Assurance** opinion, identifying three recommendations that were all low priority.

**Creditors and Credit Cards:** Financial systems are reviewed on a cyclical basis by the auditors based upon the level of risk in any particular area. The audit reviewed the core financial controls related to creditors and the use of credit cards. An opinion of **Moderate Assurance** was given, and three recommendations were identified, of which one was medium priority and two were low priority.

**Marinas Financial and Booking Systems:** This audit evaluated and assessed the adequacy and effectiveness of the financial and booking systems in place at the two marinas managed by the Authority. The audit returned a **Moderate Assurance** opinion, identifying two medium priority recommendations.

**Business Continuity Planning:** This audit focussed on the Authority's compliance with its own policies and procedures in ensuring an adequate and effective approach for business continuity planning. The audit returned a **Limited Assurance** opinion, identifying seven recommendations – two high priority, three medium and two low. The root cause for the limited assurance was identified as key staff leaving and changes in roles and responsibilities. The recommendations of the report have been accepted and resources have

been identified to implement them. The priority 1 recommendations are focussed on reviewing and updating relevant policies and procedures and reviewing the business continuity risk assessment.

All priority 1 recommendations made in individual Audit Reports to improve the internal control environment are to be implemented immediately (or as soon as is practicable to do so). Where priority 2/3 recommendations are made, management consider this in context of the risk and resource required to make the improvement and prepare a written response to the auditors setting out plans for implementation including the officer responsible and the timing of any implementation.

- 9 All key findings and recommendations from all the audits in 2023/24 will be monitored by the auditors during 2024/25. Adequate follow-up time to do this has been incorporated into the Audit Plan for the year ahead.

### **ANNUAL AUDIT PLAN - 2024/25**

- 10 Appendix B to this report sets out a summary Plan for Audit during 2024/25. The Plan takes into account the following:

- LSC Contract Management;
- Data Management;
- Cyber Security;
- Human Resources On-boarding and Off-boarding;
- Debt Management; and
- Treasury Management.

- 11 There are 92 days to allow completion of the Audit Plan in 2024/25 reflecting the focus on a risk based approach; and Members are asked to approve the Plan as set out in Appendix B of this report.

### **ENVIRONMENTAL IMPLICATIONS**

- 12 There are no environmental implications arising directly from the recommendations in this report.

### **EQUALITY IMPLICATIONS**

- 13 There are no equality implications arising directly from the recommendations in this report.

### **FINANCIAL IMPLICATIONS**

- 14 Financial systems are audited on a cyclical basis. The table below shows the coverage over the past three years and demonstrates a robust approach to financial management that has been maintained across the Authority.

<b>Audit</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25 Plan</b>
<b>Debt</b>				<b>Scheduled</b>
<b>Creditors and Credit Cards</b>			Moderate	
<b>Treasury Management</b>				<b>Scheduled</b>
<b>Budgetary Control</b>		Substantial		
<b>Cash &amp; Banking</b>	Moderate			
<b>Stock Control Procedures</b>	Moderate			

Payroll				
Fraud prevention / detection		Moderate		
Campsites financial systems		Moderate		
Marinas financial systems			Moderate	

### 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.

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### PREVIOUS COMMITTEE REPORTS

Executive Committee	E/852/24	Extension of Internal Audit Arrangements	23 May 2024
Audit Committee	AUD/142/24	Internal Audit Update	29 February 2024
Audit Committee	AUD/136/23	Internal Audit Update	21 September 2023
Audit Committee	AUD/133/23	Annual Report on the Work of Internal Audit 2022/23 & Audit Plan 2023/24	22 June 2023
Audit Committee	AUD/85/18	Award of Internal Audit Contract	22 February 2018

### APPENDICES ATTACHED

Appendix A	Internal Annual Audit Report 2023/24
Appendix B	Internal Audit Plan 2024/25

### LIST OF ABBREVIATIONS

LSC Leisure Services Contract



**Lee Valley Regional Park Authority (LVRPA)  
Internal Audit Annual Report 2023/24  
Audit Committee**

Prepared by: Forvis Mazars LLP  
Date: June 2024

**forvis  
mazars**

# Contents

<b>01</b>	<b>Introduction</b>
<b>02</b>	<b>Internal Audit Opinion</b>
<b>03</b>	<b>Internal Audit Work Undertaken in 2023/24</b>
<b>04</b>	<b>Benchmarking</b>
<b>05</b>	<b>Performance of Internal Audit</b>
<b>A1</b>	<b>Implementation of Recommendations</b>
<b>A2</b>	<b>Definitions of Assurance</b>

## Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Lee Valley Regional Park Authority (LVRPA) 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 LVRPA and to the fullest extent permitted by law Forvis 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 this report for further information about responsibilities, limitations and confidentiality.





# 01 Introduction

## Background

Lee Valley Regional Park Authority (LVRPA or Authority) utilising the APEX Framework with the London Borough of Croydon have commissioned Mazars LLP to provide it with internal audit services. From 1 June 2024, Mazars changed its name to Forvis Mazars LLP. The purpose of the Internal Audit Annual Report is to meet the Head of Internal annual reporting requirements set out in the UK Public Sector Internal Audit Standards (PSIAS). This report summarises the internal audit work undertaken by Forvis Mazars as part of the Internal Audit Plan for 2023/24 (Plan), the scope and outcome of work completed, and incorporates our annual statement on internal controls assurance.

The report should be considered confidential to LVRPA and not provided to any third party without prior written permission by Forvis Mazars

## Scope and purpose of internal audit

The purpose of internal audit is to provide the Audit Committee (AC), with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving LVRPA's agreed objectives. It also has an independent and objective advisory role to help line managers improve governance, risk management and internal control.

This opinion forms part of the framework of assurances that is received by LVRPA. Our professional responsibilities as internal auditors for the year ended 31 March 2023 are set out within the PSIAS. This includes the Core Principles for the Professional Practice of Internal Auditing and Code of Ethics. In conducting our work, we also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life ('Nolan principles').

Responsibility for a sound system of internal control rests with the Board and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.

Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.

The report summarises the internal audit activity and, therefore, does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to the AC during the course of the year.



## Performance against the Internal Audit Plan

The Internal Audit Plan for 2023/24 provided for 77 days of internal audit work, including 7 days Follow Up, 10 days Management, and 15 days of Contingency. Audits comprised a mixture of key financial systems, service-specific (operational and financial), corporate-wide, and IT reviews.

We were in regular contact with the LVRPA during the year to ensure the plan and timings remained attuned to the needs of the organisation and reflected their current risks. This led to the Leisure Services Contract Monitoring Audit being rolled forward to the 2024/25 Plan due to the start date of the audit being pushed forward at the request of the Authority.

Of the remaining five audits in the Plan, all have been finalised. The Contingency days were not utilised in the period.

## Acknowledgements

We are grateful to the Senior Accountant, other staff at LVRPA and AC for the assistance provided to us during the course of our audits.

## 02 Internal Audit Opinion

### Scope of Opinion

In giving our overall annual internal audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to LVRPA is a reasonable assurance that there are no major weaknesses in risk management and internal control processes.

The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all audits undertaken as part of the Plan;
- Whether Priority 1 or Priority 2 recommendations raised have been accepted by Management and the consequent risks;
- The extent to which recommendations raised previously, and accepted, have been implemented;
- The effects of any material changes in LVRPA's objectives or activities;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of LVRPA; and
- The proportion of LVRPA's internal audit needs have been covered to date.

Further detail on the definitions of our opinions raised in our reports can be found in Appendix A2.

### Our opinion

On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness.

From the assurance based audits we delivered, one (ICO Accountability Framework) received Substantial, two (Core Financial Controls/ Marinas Financial and Booking Systems) received Moderate, and one (Business Continuity Planning) received Limited.

Certain weaknesses and exceptions were highlighted by our audit work, and we raised two Priority 1, recommendations during our Business Continuity Planning Audit. (Section 03). These matters have been discussed with management, and all of these have been, or are in the process of being addressed, as detailed in our individual reports.

Our Follow-Up work indicated that whilst a number of recommendations have been implemented in the period, several remain outstanding at the time of our fieldwork.

In reaching this opinion the following factors were also into consideration:

### Hybrid Working

The majority of our audit plan was completed remotely, with walkthroughs and client interviews held virtually and all evidence being requested and provided digitally. One audit (Marinas – Financial and Booking Systems) was conducted via a hybrid approach of on-site and remote working. The annual internal audit opinion reflects the Plan agreed and is not limited in scope, to the extent that the assurance provided by internal audit can only ever be reasonable, not absolute.

### Sampling methodology

As part of our auditing methodology, we use a range of sampling techniques to provide a robust basis for our audit opinions. Where possible we favour conducting whole data set testing using the analytics software IDEA.

Where this is not possible or practical, we look to conduct sampling through use of random number generators, stratified or systematic sampling as appropriate to ensure that our findings are both representative and relevant. Sample sizes are driven by the level of assurance being provided and where not dictated as part of the audit scope are at the discretion of the internal auditor in conjunction with the Engagement Manager.

### Follow Up

We follow up on all Internal Audit recommendations to ensure Management have addressed and implemented appropriate actions to address those recommendations.

Our Follow-Up work indicated that a number of previous recommendations raised have been identified as remaining outstanding at the time of our fieldwork. Of the 56 recommendations we followed up on, 24 have been implemented, 17 partially implemented, nine not implemented and six superseded.

Further detail on the number of open and closed actions can be found in Appendix A1.



## 03 Internal Audit Work Undertaken in 2023/24

The audit findings in respect of each review, together with our recommendations for action and the management responses are set out in our detailed reports.

We have completed four in-depth audit reviews, covering core financial controls, the finance and booking systems of the LVRPA's marinas, Business Continuity Planning and ICO accountability framework, as well as one follow up review relating to the implementation of previous recommendations, the results of which are included in **Appendix A1**. The results of our work are summarised below.

Audit area	Assurance level	Recommendations				Accepted	Not accepted
		High (Priority 1)	Medium (Priority 2)	Low (Priority 3)	Total		
ICO Accountability Framework	Substantial	-	-	3	3	3	-
Core Financial Controls – Creditors and Use of Credit Cards	Moderate	-	1	3	4	4	-
Marinas – Financial and Booking Systems	Moderate	-	2	-	2	2	-
Business Continuity Planning	Limited	2	3	2	7	7	-
Follow Up*	N/A	-	-	-	-	N/A	N/A
<b>Total</b>		<b>2</b>	<b>6</b>	<b>8</b>	<b>16</b>	<b>16</b>	<b>0</b>

\* The objective of our Follow Up review was to verify the status of all outstanding recommendations due to have been implemented by the time of our review. We do not raise any new recommendations during this process.

# 04 Benchmarking

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

## Comparison of Assurance Levels

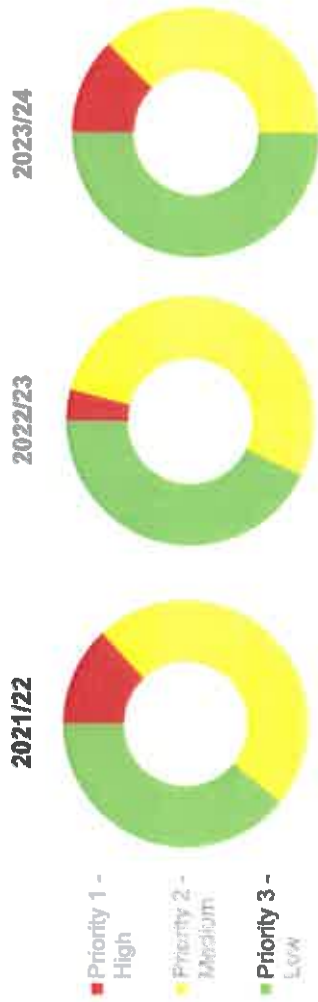


Of the four audits finalised in 2023/24 for which we provided an assurance opinion, we provided 'Substantial' for one report, 'Moderate' for two reports, and 'Limited' for one report. Follow Up reports do not receive Assurance Opinions. Eight assurance reviews were completed in 2022/23.

As in the previous two years, we provided no 'Unsatisfactory' assurance opinions (to-date).

It should be noted though that the areas of review will not typically be the same given the risk-based nature of the Plan year on year and that caution should be exercised in comparing years.

## Comparison of Recommendation Gradings



The total number of recommendations made in 2023/24 was 16. Two of these recommendations were 'Priority 1', six were 'Priority 2' and eight were categorised as 'Priority 3'. A total of 49 recommendations were made in 2022/23; one of the main reasons behind the difference being fewer assurance reviews in 2022/23.

As noted above, the areas of review each year will not typically be the same.

# 05 Performance of Internal Audit

We have provided some details below outlining our scorecard approach to our internal performance measures, which supports our overall annual opinion.

## Compliance with Professional Standards

We employed a risk-based approach to determining the audit needs of LVRPA at the start of the year and use a risk-based methodology in planning and conducting our audit assignments.

In fulfilling our role, we abide by the three mandatory elements set out by the Institute of Internal Auditors. Namely, the Code of Ethics, the Definition of Internal Auditing and the Standards for the Professional Practice of Internal Auditing and ensure we are in accordance with PSIAS.

## Performance Measures

With the exception of the deferral of the LSC Contract Management to 2024/25, as agreed by the LVRPA, we have completed our audit work in accordance with the agreed Plan and each of our final reports has been reported to the AC.

We have received positive feedback on our work from the AC and staff involved in the audits.

Regular planned discussions on progress against the Audit Plan have taken place with the AC.



## Independence and Objectivity

There have been no instances during the year which have impacted on our independence and/or objectivity.

## Internal Audit Quality Assurance

In order to ensure the quality of the work we perform; we have a programme of quality measures which includes:

- Supervision of staff conducting audit work;
- Review of files of working papers and reports by Managers and Partners;
- Annual appraisal of audit staff and the development of personal development and training plans;
- Sector specific training for staff involved in the sector;
- Issuance of technical guidance to inform staff and provide instruction regarding technical issues; and
- The maintenance of the firm's Internal Audit Manual.

# A

## Appendices

A1 – Implementation of Recommendations

A2 – Definitions of Assurance

## A1 Implementation of Recommendations

The following table provides a status of agreed audit actions.

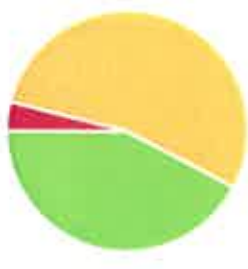
	Number Followed Up	Implemented	Partially Implemented	Not Implemented	Superseded
		March 2024	March 2024	March 2024	March 2024
<b>High (Priority 1)</b>	2	1	1	-	-
<b>Medium (Priority 2)</b>	28	11	8	6	3
<b>Low (Priority 3)</b>	26	12	8	3	3
<b>Total</b>	56	24	17	9	6
<b>Implementation Rate</b>	43%				

Analysis of follow up March 2024



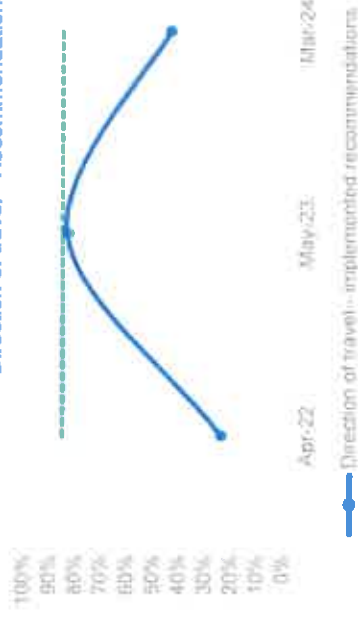
- Implemented
- Partially Implemented
- Not Implemented
- Overdue

Priority of overdue recommendations



- Priority 1 - High
- Priority 2 - Medium
- Priority 3 - Low

Direction of travel - Recommendations complete



As part of the Plan, we undertook a Follow Up exercise during the year to verify the progress in implementing outstanding internal audit recommendations.

The average implementation rate for the year was 43% (48% when excluding those which have been superseded). We consider an implementation rate of 85% or above to constitute best practice.

LVRPA's implementation rate of recommendations (including those superseded) has significantly decreased from the previous year of 83.3% from 2022/23. However, it is noted in our previous follow up 49 out of 73 of the recommendations were classified as superseded as they related to spot checks at venues which were no longer under the jurisdiction of the Authority.



## A2 Definitions of Assurance

### Assurance Gradings

We use categories to classify our assurance over the processes we examine, and these are defined as follows:

Level	Description
Substantial	Findings indicate that on the whole, controls are satisfactory, although some good practice enhancements may have been recommended. We may have made some recommendations to improve good practice.
Adequate	While the control framework has been found to be generally well designed, control issues and / or areas for improvement have been identified. Where action is in progress to address these findings and any other issues known to management, these actions will be at too early a stage to allow a 'substantial' assurance audit opinion to be given. The control framework is generally well designed.
Needs Improvement	Control weaknesses have been noted that require corrective action if the control framework is to be considered as operating effectively. Where such remedial action has already been identified by management, this will have not yet started at the time of the audit, or is not currently considered to be sufficient, or sufficiently progressing to address the severity of the control weaknesses identified. We found control weaknesses that need to be corrected in order for the control framework to operate effectively.
Limited	Findings indicate serious weaknesses in the control framework which could threaten the ability of LVRPA to achieve its objectives; or, there is evidence that despite any corrective action already taken, key risks are crystallising in the area under review or have already crystallised. This assurance opinion may also cover the scenario where our audit work was obstructed such that we cannot conclude on the effectiveness of internal controls.

### Recommendation Gradings

To assist management in using our reports, we categorise our recommendations according to their level of priority, as follows:

Priority	Description
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

### Annual Opinion

For annual opinions we use the following classifications within our audit reports:

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

## Contact

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We take responsibility to LVRPA 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 Forvis 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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**Lee Valley Regional Park Authority  
Internal Audit Strategy Update, Operational Plan 2024/25 and Charter – Draft  
Audit Committee – 20 June 2024**

Date Prepared: 12 June 2024

Strictly private and confidential

# Contents

- 01** Introduction
- 02** Internal Audit Operational Plan 2024/25
- 03** Internal Audit Strategy Update 2024/25 – 2026/27
- 04** Definitions of Assurance Opinions and Recommendations
- 05** Internal Audit Charter

**Disclaimer**  
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# 01

Section 01

Introduction

## Introduction

The Internal Audit Strategy (the Strategy) is used to direct Internal Audit resources to those aspects of the organisation that are assessed as generating the greatest risk to the achievement of its objectives. This is subject to review and update on at least an annual basis to ensure it meets the needs of the Lee Valley Regional Park Authority (LVRPA), including taking account of any areas of new and emerging risks within the Risk Register. The purpose of this document is to provide the Audit Committee (AC) with a further update of the Strategy and the proposed 2024/25 Internal Audit Plan (the Plan) for consideration and approval.

In considering the document, the AC is asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether key areas have been captured that would be expected; and
- whether there are any significant gaps.

The scope and purpose of internal audit and how the 2024/25 Plan was prepared is set out in Section 02. This section also sets out the proposed Plan along with a proposed high-level scope for each review.

The updated Internal Audit Strategy for 2024/25 to 2026/27 is set out in Section 03.

From September 2023, we harmonised the gradings across our Public and Social Sector clients to allow for better benchmarking within the sector. Section 04 includes the definition for these assurance levels and recommendation gradings. This does not represent a change in LVRPA's grading terminology, as we have been using these gradings with LVRPA since 2021/22.

In addition, we are also seeking approval from the AC, for the Internal Audit Charter in Section 05, which we request on an annual basis. There have been no changes to the wording approved last year.

## Scope and Purpose of Internal Audit



### IA's Role

The purpose of internal audit is to provide the Board, through the AC, and management, with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the LVRPA's agreed objectives.



### IA Plan

Completion of the internal audits proposed in the 2024/25 Plan should be used to help inform the LVRPA's Annual Governance Statement.



### Objective

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control



### Charter

We have included our Internal Audit Charter in Section 05. The Charter sets out terms of reference and serves as a basis for the governance of the LVRPA's IA function, establishing our purpose, authority, responsibility, independence and scope, in accordance with the Chartered Institute of Internal Auditor's (IIA) standards.

# 02

Section 02

Internal Audit Operational Plan 2024/25

## Preparing the Strategy Update and Operational Plan for 2024/25

As part of our approach, it is important we consider LVRPA's strategic priorities, as well as the key strategic risks identified, as we seek to align our risk-based approach accordingly. In preparing the Strategy update, the following activities have been undertaken:



Based on this process there have been changes to the outline areas for 2024/25 as presented in the Strategy update 12 months ago; these are summarised in Section 03.

This section includes the proposed Operational Plan 2024/25. This also includes a proposed high-level scope for each review which will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for AC meetings will be proposed for discussion and approval with the LVRPA's management.

The Plan will be reassessed on a continual basis, through the mechanism of Progress Reports to AC, in light of emerging risks (including issues identified by Internal Audit). Should this result in a need for significant revisions, agreement will be sought from AC for adjustments to the plan through the regular Progress Reports provided to AC.

Our professional judgement has been applied in assessing the level of resource required to carry out the audits identified in the strategic cycle. This includes consideration of the complexity of the system, volume and frequency of transactions, sources of assurance and the audit approach to the area under review.

Recommendations made as part of our work will be subject to on-going review as part of our Follow up Audit approach.

# Internal Audit Operational Plan 2024/25

An overview of the Internal Audit Operational Plan 2024/25 is set out below.

Proposed Summary Operational Plan					
Audit Area	Estimated Days	Overarching Corporate Risk	LVRPA Sponsor	Target Start Date	Target Audit Committee
LSC Contract Management*	10	Failure of LSC contractor organisation; or failure of LSC contractor to deliver as required by contract.	Corporate Director	In progress (fieldwork carried over from 2023/24 Plan)	TBC
Data Management**	10	I.T. infrastructure does not meet future business need requirements. Authority requires funding for updating or improving I.T. infrastructure.	Deputy Chief Executive	TBC	TBC
Cyber Security**	15	I.T. infrastructure does not meet future business need requirements. Authority requires funding for updating or improving I.T. infrastructure.	Corporate Director	TBC	TBC
HR On-boarding and Off-boarding	10	The Authority fails to recruit/retain staff at all levels of the appropriate calibre.	Deputy Chief Executive	TBC	TBC
Debt Management	10	Financial Risks of over/under spent budget through non-achievement of income targets or inaccurate budget forecasting. Insufficient Resources to meet objectives.	Head of Finance	TBC	TBC
Treasury Management	10	Financial Risks of over/under spent budget through non-achievement of income targets or inaccurate budget forecasting. Insufficient Resources to meet objectives.	Head of Finance	TBC	TBC

\*The reporting of this audit was carried over from the 2023/24 Plan, as the fieldwork had not been finalised by June 2024.

\*\*These audits are for specialist work and will be charged at the agreed higher day rate.



## Internal Audit Operational Plan 2024/25

An overview of the Internal Audit Operational Plan 2024/25 is set out below.

Management and Reporting Activities		Target Start Date	Target Audit Committee
Follow Up	7	TBC	TBC
Management and Control	10	Ongoing	N/A
<b>Total</b>	<b>77</b>		
Contingency days (to be used if required)	10		

The following pages set out the rationale and indicative scope for the internal audits identified within the above table.

## Internal Audit Operational Plan 2024/25

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2024/25 is detailed below, alongside an indicative high-level scope. Please note that the detailed scope of each review will be discussed and agreed with the relevant LVRPA sponsor prior to the commencement of fieldwork.

### LSC Contract Management (10 Days)

The reporting of this audit was carried over from the 2023/24 Plan, as the fieldwork had not been finalised by May 2024.

This review considers the Authority's management of selected risks relating to contract management of the Leisure Services Contract (LSC) to Greenwich Leisure Limited (GLL). This considered overall contract management and performance monitoring, focusing on selected risks relating to specific sites, and elements of the contract specification that GLL are responsible for: maintenance, income, visitor experience, etc.

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

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

### Data Management (10 Days)

This follows from the first phase audit of data management completed in 2023/24 (Substantial assurance).

This review will consider three further areas of the Authority's compliance with data protection law and the ICO's accountability framework:

- Transparency;
- Individual rights; and
- Records of processing and lawful basis

The review will include consideration of:

- Policies and procedures in relation to the above topics, and
- Staff training and awareness in relation to the above topics.

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

### Cyber Security (15 Days)

This audit will assess the adequacy and effectiveness of the management control framework in order to mitigate the risk from cyber security attacks.

This audit will build on previous audits in 2020/21 (substantial assurance) and 2019/20 (substantial assurance), taking into account the ever-evolving risks posed by cyber security.

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

## Internal Audit Operational Plan 2024/25

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2024/25 is detailed below, alongside an indicative high-level scope. Please note that the detailed scope of each review will be discussed and agreed with the relevant LVRPA sponsor prior to the commencement of fieldwork.

### HR On-Boarding and Off-Boarding (10 Days)

This review will have a focus on Discourse and Barring Service (DBS) checks and will consider other areas potentially including the induction process, probationary periods, supply and return of equipment, and work handovers. This will be confirmed as part of the detailed planning meeting ahead of this work. This area was last audited in 2019/20 (Limited assurance).

This is included in the Plan in relation to Risks SR3.3 from the Corporate Risk Register.

### Debt Management (10 Days)

This review will consider the Authority's debtor process and controls as part of its core financial controls, with a specific focus on debt held locally at venues and not managed on the central finance system.

This is an area subject to cyclical coverage as part of our plans and was last audited in 2020/21 (Substantial assurance).

This is included in the Plan in relation to Risk SR4.1 from the Corporate Risk Register.

### Treasury Management (10 Days)

This review will consider the Authority's treasury management processes and controls as part of its core financial controls.

This is an area subject to cyclical coverage as part of our plans and was last audited in 2020/21 (Substantial assurance).

This is included in the Plan in relation to Risk SR4.1 from the Corporate Risk Register.

### Follow Up (7 Days)

Review of the implementation of recommendations from previous audits not covered elsewhere within the Plan.

This is a cyclical review to provide independent assurance that internal audit recommendations reported to the AC as completed, have been implemented.

### Management (10 Days)

Resources for client and external audit liaison.

For example, preparation and attendance at AC, Directors/Chief Executive/Chair of AC, preparation of the Internal Audit Opinion, Annual Internal Audit Plan and other reports to the AC, etc.

### Contingency – (10 Days)

Resources which will only be utilised should the need arise, for example, for unplanned and ad-hoc work requests by management and the AC.

## Section 03

Updated Internal Audit Strategy 2024/25 – 2026/27

# 03

## Updated Internal Audit Strategy Update 2024/25 – 2026/27

The rationale behind the inclusion of each of the areas identified within the Operational Plan 2024/25 is detailed below, alongside an indicative high-level scope. Please note that the detailed scope of each review will be discussed and agreed with the relevant LVRPA sponsor prior to the commencement of fieldwork.

Strategic Risks	Auditable Area	Previous Audits						Strategy		
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Indicative 2025/26	Indicative 2026/27
SR1.1: Failure to comply with the 1986 Park Act and other statutory requirements.	Corporate Governance Reporting									
SR1.2: Failure to comply with Health & Safety legislation.	Health and Safety Control Framework									
SR2.1: Agreeing to accept a partner's financial terms and conditions that will place an unacceptable long term liability on the Authority.	Due Diligence and Legal Process									
SR2.2: Contractors, Governing Bodies, or Third Party Originator not delivering agreed objectives/contract.	Contract Management					Moderate				
SR2.3: Management of Facilities Contracts & failure to maintain assets to a good H&S and operational standard.	Contract Management					Moderate				
SR2.4: Contractor stability affected by external influences or national/international conditions prevailing at the time.	Contract Management					Moderate				
SR2.5: Insufficient contractors tendering for contracts.	Procurement					Moderate				
SR2.6: Major equipment or other failure of one or more vendors resulting in temporary/permanent cessation of operations	Business Continuity Planning Disaster Recovery		Limited	Limited			Limited			
SR2.7: Failure of LSC contractor organisation or failure of LSC contractor to deliver as required by contract	Project Management / Assurance Leisure Services Contract Management / Oversight / Service Levels						Moderate		LSC Mgmt	
SR2.8: Management of Facilities Contracts & failure to maintain assets to a good H&S and operational standard	Building and Facilities Management Capital Expenditure/ Estates Management						Limited			

## Internal Audit Strategy Update 2024/25 – 2026/27 (continued)

Strategic Risks	Auditable Area	Previous Audits						Strategy		
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Indicative 2025/26	Indicative 2026/27
SR2.9: Buckingham Construction Contractor stability affected by external influences or national/international conditions prevailing at the time.	Contract Management Major Projects Reviews									
SR3.1.1: Infrastructure does not meet future business need requirements. Authority requires funding for updating or improving IT infrastructure.	IT Strategy, User access, IT Controls, IT Strategy, Data / Privacy Management, Cyber Security		Substantial	Substantial	Moderate				✓	✓
SR3.2: Inadequate IT Infrastructure Systems/Data for new LSC.	IT Strategy, User access, IT Controls, IT Strategy		Substantial	Substantial						
SR3.3: The Authority fails to restructure staff at all levels of the appropriate culture	Resource Management/ Workforce Planning, HR – Recruitment and Retention, Succession Planning		Substantial					✓ (HR Ops Boarding and OPA Boarding)		
SR4.1: Financial Risk of over/under spend budget through non-achievement of income targets or inaccurate budget forecasting. Insufficient Resources to meet objectives.	Budget Setting, Budget Monitoring, Treasury Management, Debt Management						Moderate		✓	✓
SR4.2: Financial Risk of either greatly increased insurance costs or insurers refusal to insure Authority due to increased risks brought on by prevailing conditions.	Insurance									
SR4.3: Failure of GLL to achieve 80% of income target in Year 1, resulting in renegotiation of Year 2 MF.	Project Management / Assurance, Leisure Services Contract Management / Oversight / Service Levels									



## Internal Audit Strategy Update 2024/25 – 2026/27 (continued)

Strategic Risks	Auditable Area	Previous Audits						Strategy		
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Indicative 2025/26	Indicative 2026/27
SR5.1: Lack of a clear corporate direction.	Strategy Setting and Monitoring									
SR5.2: Impact on the Authority's powers to raise the Levy and resistance from all constituent councils.	Corporate Governance Stakeholder Engagement Income forecasting and ITG/BIIT		Substantial							
SR5.3: Failure for 2021/22 and 2022/23 accounts to have gain audit assurance										
SR6.1: Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Stakeholder Engagement Marketing and Communications Incident Management		Substantial							
SR6.2: Impact of Authority's reputation due to service failure caused by Covid-19 or any similar pandemic or infectious disease, damaged stakeholder and/or contractor relationships.	Stakeholder Engagement Communications Strategy Incident Management									
SR7.1: Inadequate business continuity implementation at any (all) sites following natural disaster, IT failure including Cyber Terrorism, Flooding, Disease Outbreak (zoonotic/human), Terrorist.	Business Continuity Planning Disaster Recovery		Urgent	Urgent				Urgent		
SR7.2: Inadequate pandemic or infectious disease management processes in place post wide following major pandemic outbreak/further spikes in Covid-19 or other infectious disease and more territories including local tier restrictions and national lockdowns	Business Continuity Planning Covid/Pandemic		Urgent	Urgent				Urgent		

## Internal Audit Strategy Update 2024/25 – 2026/27 (continued)

Strategic Risks	Auditable Area	Previous Audits						Strategy		
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Indicative 2025/26	Indicative 2026/27
SR5.1: Failure to manage contamination could be a risk to users. This includes land and/or water contamination (also damage to reputation from failing to manage contamination).	Environmental Management Control and Reporting									
SR9.1: Ice Centre Failure in Strategic Risks 1-6 above in the development of the Ice Centre circa E30m project and Legal Challenge: Ice Centre not operational at agreed date	Project Management / Assurance									
SR9.2: Picketts Lock Development Failure in Strategic Risks 1-8 above in the development of the Picketts Lock circa E40m project and Legal Challenge	Project Management / Assurance									
SR10.1: Acquisitions - Opportunity Cost of Resources. Reducing Available Resources or increasing future liabilities	Estates and Investment/Divestment Strategy									
SR.10.2: Disposals - Legal challenge. Reputational Damage, reduced public access or bio diversity. Failure to deliver anticipated capital resources through land disposal due to the constraints imposed by the urban boroughs/districts and other agencies: e.g. green belt/food risk/contaminated land	Estates and Investment/Divestment Strategy									
SR11.1: Failure in Strategic Risks 1-10 above due to changes in the Economic and Business climate brought about by changes following the departure from the European Union	N/A									

in the 2023/24 Internal Audit Strategy Update, the following risk areas were projected to be covered in the 2024/25 Annual Plan, which have since been removed by the LVRPA in order to re-prioritise the key areas of concern which are now represented in 2024/25 plan:

SR1.1: Failure to comply with the 1966 Park Act and other statutory requirements.

SR1.2: Failure to comply with Health & Safety legislation.

SR5.1: Lack of a clear corporate direction.

SR6.1: Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships.

## Internal Audit Strategy Update 2024/25 – 2026/27 (continued)

Other areas	Auditable Area	Previous Audits						Strategy		
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Indicative 2025/26	Indicative 2026/27
Governance and Strategy	Corporate Governance	Limited								
	Strategic Planning Performance and Reporting	Advisory				Moderate				
Risk Management	Risk Management									
	Assurance Mapping									
Core Financial Controls	General Ledger	Reasonable	Reasonable	Reasonable	Moderate (OI)	Moderate				
	Supplier Setting and Control									
	Purchasing/Procurement									
	Sundry Income/Debtors									
	Cash and Banking									
	Assets and Inventories / Stocks and Stores									
Payroll and Staff Expenses	Fraud Prevention and Detection									
	Payroll Expenses			Reasonable						
Property / Estates	Building and Facilities Management									
	Capital Expenditure/ Estates Management									
HR	Recruitment and Retention									
	Leave and Absence									
Volunteers	Performance Management									
	Training and development									
	Volunteer Strategy / Processes									
Follow Up										7
Management										10
Contingency										10
<b>Total</b>										<b>77 (excluding contingency)</b>

77 (excluding contingency)

# 04

## Section 04

### Definitions of Assurance Opinions and Recommendations

# Definitions of Assurance Opinions and Recommendations

## Assurance Opinions

From September 2023, we harmonised the gradings across our Public and Social Sector clients to allow for better benchmarking with the sector. This was launched through our new report template. We have been using this methodology with LVRPA since 2021/22.

Previous Assurance Levels		Definitions of New Assurance Levels
Substantial Assurance	<>	<p><b>Substantial Assurance</b></p> <p>The framework of governance, risk management and control is adequate and effective.</p>
Adequate Assurance	<>	<p><b>Moderate Assurance</b></p> <p>Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.</p>
Needs Improvement Assurance	<>	<p><b>Limited Assurance</b></p> <p>There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.</p>
Limited Assurance	<>	<p><b>Unsatisfactory Assurance</b></p> <p>There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.</p>

## Recommendation gradings

We introduced the following recommendation grading approach to align it with the approach utilised by the Government Internal Audit Agency and enable further benchmarking of the number of recommendations raised per audit area across our wider public and social sector client base.

	Definitions of Recommendations
High (Priority 1)	<p>Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.</p> <p>Remedial action must be taken urgently and within an agreed timescale.</p>
Medium (Priority 2)	<p>Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.</p> <p>Remedial action should be taken at the earliest opportunity and within an agreed timescale.</p>
Low (Priority 3)	<p>Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.</p> <p>Remedial action should be prioritised and undertaken within an agreed timescale.</p>

**Section 05**  
**Internal Audit Charter**

**05**



## Internal Audit Charter

The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of the LVRPA's Internal Audit function. It sets out the purpose, authority and responsibility of the function in accordance with the UK Public Sector Internal Audit Standards (PSIAS). The Charter will be reviewed and updated annually by the Head of Internal Audit.

### Nature and Purpose

The LVRPA is responsible for the development of a risk management framework, overseen by the AC, which includes:

- Identification of the significant risks in the operations and allocation of a risk owner to each;
- An assessment of how well the significant risks are being managed; and
- Regular reviews by the Senior/Executive Team and the AC of the significant risks, including reviews of key risk indicators, governance reports and action plans, and any changes to the risk profile.

A system of internal control is one of the primary means of managing risk and consequently the evaluation of its effectiveness is central to Internal Audit's responsibilities.

LVRPA's system of internal control comprises the policies, procedures and practices, as well as organisational culture that collectively support the LVRPA's effective operation in the pursuit of its objectives. The risk management, control and governance processes enable the LVRPA to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the Senior/Executive Team. The LVRPA needs assurance over the significant business risks set out in the risk management framework. In addition, there are many other stakeholders, both internal and external, requiring assurance on the management of risk and other aspects of the LVRPA's business. There are also many assurance providers. The LVRPA should, therefore, develop and maintain an assurance framework which sets out the sources of assurance to meet the assurance needs of its stakeholders.

Internal Audit is defined by the Institute of Internal Auditors' International Professional Practices Framework (IPPF) as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.'

It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit carries out assurance and consulting activities across all aspects of the LVRPA's business, based on a programme agreed with the AC, and coordinates these activities via the assurance framework. In doing so, Internal Audit works closely with risk owners, and the Senior/Executive Team.

In addition to providing independent assurance to various stakeholders, Internal Audit helps identify areas where the LVRPA's existing processes and procedures can be developed to improve the extent with which risks in these areas are managed; and public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, Internal Audit liaises closely with the Senior/Executive Team and management in relevant departments.

The independent assurance provided by Internal Audit also assists the LVRPA to report annually on the effectiveness of the system of internal control included in the Annual Governance Statements.

### Authority and Access to Records, Assets and Personnel

Internal Audit has unrestricted right of access to all the LVRPA's records and information, both manual and computerised, and other property or assets it considers necessary to fulfil its responsibilities. Internal Audit may enter business property and has unrestricted access to all locations and officers where necessary on demand and without prior notice.

Any restriction (management or other) on the scope of internal Audit's activities will be reported to the AC.

Internal Audit is accountable for the safekeeping and confidentiality of any information and assets acquired in the course of its duties and execution of its responsibilities.

Internal Audit will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, and which external audit would need to discharge their responsibilities.

## Internal Audit Charter (continued)

### Responsibility

The Head of Internal Audit is required to provide an annual opinion to the LVRPA, through the Audit Committee, on the adequacy and the effectiveness of the LVRPA's risk management, control and governance processes.

In order to achieve this, Internal Audit will:

- Coordinate assurance activities with other assurance providers as needed (such as the external auditors) such that the assurance needs of the LVRPA, regulators and other stakeholders are met in the most effective way
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes.
- Carry out assurance and consulting activities across all aspects of the LVRPA's business based on a risk-based plan agreed with the Audit Committee. Provide the Board with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issue periodic reports to the Audit Committee and the Senior/Executive Team summarising results of assurance activities.
- Assist, when requested, in the investigation of allegations of fraud, bribery and corruption within the LVRPA and notifying management and the Audit Committee of the results.
- Assess the adequacy of remedial action to address significant risk and control issues reported to the Audit Committee. Responsibility for remedial action in response to audit findings rests with line management.

There are inherent limitations in any system of internal control and thus errors or irregularities may occur and not be detected by Internal Audit's work.

When carrying out its work, Internal Audit will provide line management with comments and report breakdowns, failures or weaknesses of internal control systems together with recommendations for remedial action.

However, Internal Audit cannot absolve line management of responsibility for internal controls.

Internal Audit will support line managers in determining measures to remedy deficiencies in risk management, control and governance processes and compliance to the LVRPA's policies and standards and will monitor whether such measures are implemented on a timely basis.

The Audit Committee is responsible for ensuring that Internal Audit is adequately resourced and afforded a sufficiently high standing within the organisation, necessary for its effectiveness.

### Scope of Activities

As highlighted in the previous section, there are inherent limitations in any system of internal control. Internal Audit therefore provides the Senior/Executive Team and the Board through the AC with reasonable, but not absolute, assurance as to the adequacy and effectiveness of LVRPA governance, risk management and control processes using a systematic and discipline approach by:

- Assessing and making appropriate recommendations for improving the governance processes, promoting appropriate ethics and values, and ensuring effective performance management and accountability;
- Evaluating the effectiveness and contributing to the improvement of risk management processes; and
- Assisting LVRPA in maintaining effective controls by evaluating their adequacy, effectiveness and efficiency and by promoting continuous improvement

The scope of Internal Audit's value adding activities includes evaluating risk exposures relating to LVRPA's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

## Internal Audit Charter (continued)

### Reporting

For each engagement, Internal Audit will issue a report to the appropriate senior management and business risk owner, and depending on the nature of the engagement and as agreed in the engagement's Terms of Reference, with a summary to the Senior/Executive Team and the AC.

The UK PSIAS require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

- The annual risk-based plan is compiled by the Head of Internal Audit taking account of LVRPA's risk management / assurance framework and after input from members of the Senior/Executive Team. It is then presented to the Senior/Executive Team and AC annually for comment and approval.
- The internal audit budget is reported to the AC for approval annually as part of the overall budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported annually to the AC.
- Performance against the annual risk-based plan and any significant risk exposures and breakdowns, failures or weaknesses of internal control systems arising from internal audit work are reported to the Senior/Executive Team and AC on a regular basis.
- Any significant consulting activity not already included in the risk-based plan and which might affect the level of assurance work undertaken will be reported to the AC.
- Any significant instances of non-conformance with the Public Sector Internal Audit Standards will be reported to the Senior/Executive Team and the AC and will be included in the Internal Audit Annual Report.

### Independence

The Head of Internal Audit has free and unfettered access to the following:

- The Corporate Director and Chief Executive at LVRPA;
- Chair of the LVRPA AC; and
- Any other member of the Senior/Executive Team.

The independence of the contracted Head of Internal Audit is further safeguarded as their annual appraisal is not inappropriately influenced by those subject to internal audit.

To ensure that auditor objectivity is not impaired and that any potential conflicts of interest are appropriately managed, all internal audit staff are required to make an annual personal independence responsibilities declaration via the tailored 'My Compliance Responsibilities' portal which includes personal deadlines for:

- Annual Returns (a regulatory obligation regarding independence, fit and proper status and other matters which everyone in Mazars must complete);
- Personal Connections (the system for recording the interests in securities and collective investment vehicles held by partners, directors and managers, and their immediate family members); and
- Continuing Professional Development (CPD).

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the AC. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for a period of at least 12 months.

### External Auditors

The external auditors fulfil a statutory duty. Effective collaboration between Internal Audit and the external auditors will help ensure effective and efficient audit coverage and resolution of issues of mutual concern. Internal Audit will follow up the implementation of internal control issues raised by external audit if requested to do so by LVRPA.

Internal Audit and external audit will meet periodically to:

- Plan the respective internal and external audits and discuss potential issues arising from the external audit; and
- Share the results of significant issues arising from audit work.

## Internal Audit Charter (continued)

### Due Professional Care

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK PSIAS; and
- All relevant legislation.

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS, on-going performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

A programme of CPD is maintained for all staff working on internal audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies to deliver the risk-based plan. Both the Head of Internal Audit and the Engagement Manager are required to hold a professional qualification (CMIIA, CCAB or equivalent) and be suitably experienced.

### Performance Measures

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





## Contact

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#### Statement of Responsibility

We take responsibility to LYOPA 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 collusion or 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.

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