

CNPA: OVERVIEW OF RECOMMENDATIONS IN INTERNAL AUDIT REPORTS

PAYROLL – March 2005

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
1	2	Payroll guidance notes should be re-circulated to finance staff as soon as possible, and incorporated into the Authority's suite of Standing Financial Procedures as they are developed.	Fin Mgr to finalise Financial Regulations	March 2005	Completed. Payroll guidance notes have been prepared. They will be added as an appendix to the financial regulations, and will be reviewed following implementation of the updated SAGE payroll version 12 software.
2	2	All payment runs should be reviewed and signed by Head of Corporate Services.	HoCS		Completed This is being carried out on a monthly basis
3	2	A regular reconciliation should be carried out between the HR staff records and the payroll records to ensure all starters are included on both systems, all leavers are removed from both systems and that any amendments recorded in the HR system are recorded accordingly in the payroll system.	HoCS		Completed Reconciliations undertaken since December 2005
4	2	Reports should be produced on a monthly basis through SAGE for: <ul style="list-style-type: none"> • Exceptions (e.g. all pays £100 or more over last pay); • Report on amendments for the month; • Staff Listings; • Levels of overtime; • Amount in expenses claimed each month; • Levels of absence. These should be passed to the Fin Mgr or Head of Corporate Services following the payroll run.	MJ & DP	April 2005	Completed Staff listings and expense claims are produced and authorised each month. Exception, amendment and overtime reports produced monthly since December 05 and reconciled to Snowdrop HR system records. Levels of absence monitored through Snowdrop HR
5	2	Formal reports should be produced detailing levels of absence for the organisation and also by department. It is acknowledged that as no HR system is in place at present this may be difficult but this should be implemented as soon as possible to allow for effective monitoring procedures with regard to HR.	HoCS HR Manager	August 2005	Completed Reports submitted to Staffing & Recruitment Committee (Jan 06) and Management Team (Feb 06).

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6	3	All expense claims for relocation fees and also all expenses over a value of £1,000 should be authorised by the Chief Executive or Head of Corporate Services.	HoCS		Completed. Relocation expenses are to be authorised centrally by HR Manager. Other expenses to be included in revised “limits for delegated authority” when issued.
7	3	An authorised signatory list should be created detailing staff authorised to sign off expense claims and any thresholds for authorisation.	Fin Mgr	July 2005	Completed. Signatory list included in Financial Procedures Manual and expense claim also refers to line managers having authority to approve expenses. No thresholds necessary due to type of expense.

FIXED ASSETS – March 2005

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
8	1	Financial Regulations and procedures should be completed and circulated as soon as possible covering all areas of financial activity.	Fin Mgr to finalise Financial Regulations	March 2005	Completed and Circulated Arrangements in place to deliver training through 2006.
9	1	All assets should be added to the register individually with the following information recorded: <ul style="list-style-type: none"> • Description of the asset • Date of acquisition • Purchase Cost • Asset Life • Location • Asset Number • Disposal Date 	Fin Mgr	June 2005	Completed All assets now entered in the register individually.
10	2	The asset register should be reviewed to ensure all assets are recorded and a physical verification carried out to ensure all relevant assets within the office are recorded accordingly.	Fin Mgr	June 2005	Completed In addition to a fixed asset register, an inventory of furniture and equipment has been drawn up; physical verification and indexing undertaken.
11	2	All assets should be identifiable from the information contained on the fixed asset register. This could be via a unique asset number or through the recording of serial numbers on the register. All information from the IT register should be incorporated	Fin Mgr	June 2005	Completed All new fixed assets now identifiable. Some difficulty in attributing accurate cost to some assets acquired on transfer from Cairngorms Partnership, but these now near end of expected

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		into the asset register, especially the information regarding the location of the assets.			useful lives.
12	3	All depreciation calculations should be reviewed to ensure they are correct and any incorrect balances corrected.	Fin Mgr	June 2005	Completed
13	3	A threshold e.g. £500 should be allocated for the capitalisation of assets. Any assets which are under this value but are considered to be fixed assets should be approved by the Head of Corporate Services prior to purchase and inclusion on the fixed asset register.	HoCS	April 2005	Completed
14	3	A detailed review of each existing lease should be undertaken in order to determine whether they are finance or operating leases. New leases should be analysed as standard practice to determine whether they are finance or operating leases.	Fin Mgr		Completed

CORPORATE AND OPERATIONAL PLANNING – August 2005

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
15	3	The corporate and operational plans should be added to the CNPA website as soon as possible.		Sept 2005	Part Complete Corporate Plan for 2005 to 2008 now on website. Operational Plans and quarterly updates are on website within Board papers. Current documents do not work well as “stand alone”. Operational Plans to be shown separately on the website.
16	3	Board members should be involved in the brainstorming sessions with staff and also in prioritisation sessions to ensure views are fairly reflected.		May 2006	Complete Discussion session held with Board 17 Nov 06 on Comprehensive Spending Review 2008/11 and initiating discussion on Corporate Plan ideas and priorities. Work will now be ongoing with Board, staff and stakeholders until late Autumn 2007.

PROJECT PLANNING – November 2005

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
17	2	Project Managers should ensure that progress reports on each project receiving external funding are submitted to the Board at least twice a year.	HoCS to take forward with MT	March 2006	Overtaken MT now working with Board on review of format of Board meetings; types of papers taken to board; frequency of meetings.
18	2	Management should ensure that performance indicators are created for all projects at their inception.	HoCS	March 2006	Completed A standard project action planning process has been implemented for 2005/06 year end closure and 2006/07 operational plan delivery, including a requirement to identify key performance indicators and outcomes for each activity. Considered by Finance Committee February 2006.
19	2	Management should ensure that a full project plan for the Gateway Signage project is prepared and presented to the Board prior to approval. This should be included within the project files, reviewed on a regular basis, and updated when necessary	HoVS&R	January 2006	Completed Project plan received from consultants at end of December.
20	2	All staff employed by projects should be appropriately qualified for the post. Where no evidence of relevant experience or qualifications can be provided, the reasons for employment should be documented in the recruitment file.	No further action		Completed Identified that findings arose from comparison with job descriptions which had been revised after staff took up post. Authority now has clear recruitment procedures in place.
21	2	Delegated Levels of Authority should be available to all members of staff and all purchases made in line with them.	Finance Mgr	January 2006	Completed Delegated levels of Authority established in Financial Regulations now issued to all staff.
22	3	If further expenditure for the Moorlands Group is approved, a Management Group should be created and should be responsible for the monitoring and reporting of progress for this project.	HoSP&PM	October 2006	Overtaken Report to Board planned for April 2006. Ongoing internal communication of situation with staff involved.

IT CONTINGENCY PLANNING – March 2006

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
23	2	The organisation should finalise and formalise the business continuity plan at the earliest opportunity.	IS Mgr	May 2006	In Progress Draft plan prepared but subject to further review as a result of installation of new information assets.
24	2	The organisation should undertake a formal analysis and assessment of risks and their potential impacts. This should be subject to regular review and updated to reflect changes in the computing environment over time. This could follow an eight-step process as identified below: 1. Identify information assets (hardware and software). 2. Prioritise the assets identified. 3. Identify risks. 4. List and define the risks. 5. Prioritise risks. 6. Reference risks to critical assets. 7. Record all significant risks in the risk register. 8. Make recommendations/take actions to resolve the risks.	IS Mgr/ BS Mgr	June 2006	Completed Risk assessment being submitted to Audit Committee for information.
25	2	Management should implement the following key actions and controls: 1. An overall business continuity plan is in place. 2. A series of smaller IT contingency plans are in place to support the overall plan. 3. Management have identified and maintain records of their critical systems. 4. A contingency/recovery plan is in place for each system identified as being critical. 5. A formal risk assessment process has identified all risks (likelihood and impact). 6. All significant IT risks have been added to the organisation's risk register. 7. The Management Team ratifies all contingency/ risk decisions and activities. 8. The overall continuity plan is tested on an annual basis	IS Mgr BS Mgr HoCS	June 2006	In Progress/Completed 1. BC Plan in draft and being finalised. 2. Business system small enough to negate smaller plans. 3. Contained within draft BC Plan. 4. Contained within draft BC Plan. 5. See item 24 6. To be added as appropriate. 7. Risk Register reviewed by MT. 8. Testing will be programmed once BC Plan finalised.

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		and updated as required.			

IT CONTINGENCY PLANNING (Contd.) – March 2006

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
		9. All testing results are reported to the Management Team and actions are delegated. 10. Each individual IT and departmental contingency plan is subject to six-monthly testing. 11. Each department operating a critical system has communicated their expected recovery time. 12. Each critical hardware element is fully insured against loss. 13. Continuity plans are treated as being controlled documents.			9. Results will be reported when testing completed. 10. Not considered appropriate. 11. Not considered appropriate – included in BC Plan. 12. CNPA operates a policy of self insuring. 13. The BC Plan will be treated as a controlled document.

SERVER SECURITY – March 2006

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
26	2	Management should ensure that all user accounts are subject to an immediate review and subsequent reviews on at least a six-monthly basis.	IS Mgr	September 2006	Completed Accounts have been reviewed and old accounts removed.
27	2	Management should ensure that all users are required to provide a password for each log in and that the “lockout duration” is set to 0 within the accounts policy after five unsuccessful access attempts have been made.	IS Mgr	September 2006	Completed
28	2	Management must ensure that there is a review of all the SekChek findings and that there are actions taken to address the issues.	IS Mgr	September 2006	In Progress SekCheck findings have been reviewed and actions being taken as appropriate

FINANCIAL LEDGER – March 2006

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
29	2	All journal entries, which are created by finance processing staff, should be authorised by the Finance Manager.	HoCS	Sept 2006	Completed
30	2	The Finance Manager should review bank reconciliations and only sign off when the reconciliation has been performed to source data. All bank reconciliations should be appropriately filed when reviewed.	Fin Mgr	Sept 2006	Completed File of signed bank reconciliations are maintained.
31	2	The accounting system should be closed down as part of the month end procedures and reopened for the new accounting period. As a result, it would not be possible to enter balances in the previous accounting period without performing a journal entry.	Fin Mgr	Sept 2006	In progress We are continuing to review the feasibility of operating month end procedures in line with the recommendation. At present, simpler month end close procedures are well known by Finance staff and there have been no problems regarding month end cut-off. In addition, since the audit visit, monthly detailed reporting to Finance Committee is undertaken and therefore there is an additional review of the integrity of the accounting figures.
32	2	The Finance Manager should ensure that all suspense accounts are regularly reviewed and are cleared on a monthly basis. Any balances in the suspense account which require new codes created, should be reversed as soon as the code is set up. This should be within the month that the entry is made to the suspense account.	Fin Mgr	Sept 2006	Completed The suspense accounts are now reviewed as part of the bank reconciliation control (see item 30 above)
33	3	Monthly journal and exception reports should be generated and independently reviewed to ensure that all journals are appropriate and that there are no significant changes from month to month. This should include an ageing creditor report to identify any outstanding debts over 30 days.	HoCS Fin Mgr	Nov 2006	Completed At the end of each month an audit trail and aged creditor report is given to the Head of Corporate Services for review

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34	2	The trial balance should be printed, reviewed, signed off and filed as part of the month end process. The Finance Manager should assume responsibility for this process.	Fin Mgr	Sept 2006	Completed Reviewed by Head of Corporate Services in line with item 33 above.
35	3	<p>Finance processing staff should ensure that the title of the daily back up performed includes the date that the back up was taken. The Sage system should be amended so that users are prompted to change passwords on a monthly basis.</p> <p>Finance staff should be provided with a copy of the IT security policy. They should be aware of IT security issues and aware of procedures regarding back ups and password changes.</p>	Fin Mgr	Sept 2006	<p>No action to be taken (see following comments) At present back ups, which are performed at least daily, are referenced with the audit trail number of the last entry prior to back up. This is a unique identifying number and also has the advantage over a date reference in that it can easily cope with the situation that arises if we make more than one back up per day. The date of the back up can easily be obtained from the S:\drive using file manager if necessary. When a back up is restored the file window in Sage has limited space and there is no enough room to include both the audit trail number and the date in the file name. It is not possible for Sage to prompt the user to change their password on a regular basis. Passwords can be changed by the individual user or the Sage manager. However, Sage is only loaded on a limited number of machines, users have varying, restricted access rights, all users with full access rights are located in a separate building and there is a network password that is needed to access the workstation which Microsoft prompts to be changed on a regular basis. In making daily back ups, all Finance staff are aware of the necessary IT procedures.</p>

GRANT AWARDS – March 2006

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
36	2	All applications for funding which go through the Operational Plan should be supported by an expenditure justification form, currently required by the financial regulations for expenditure in excess of £5k. This should be retained on the project file.	Fin Mgr	Feb 2007	Completed (in line with our Management Response) It is not feasible, from a cost-benefit point of view, to follow this practice for <u>all</u> grants. However, our Financial Procedures require and EJJ to be completed for all payments in excess of £5,000 and this rule continues in operation.
37	2	Project Managers should ensure that all grant award letters of offer are signed by the applicant prior to the initial release of funds. In addition, they should also ensure that the signed letter is added to the project file.	Fin Mgr	Sept 2006	Completed All grant offers, with the exception of the Integrated Grants Programme, are issued by either the Finance Manager or Head of Corporate Services. On receipt of the signed copy these are passed to Project Managers.
38	3	Files should be created for projects as soon as an intent to apply is established. As a result, all relevant documentation can be added to the file. All files should also be signed out of the filing room when used. Administrative staff should perform an audit each month, selecting a practical sample of files missing from the central filing room. Files should be reconciled to the file sign-out book to ensure the control is operating effectively. Any variances should be reported to management.	Business Services Manager	Dec 2006	
39	3	All responses from the Finance Committee and the Scottish Executive should be printed and retained in the project file.	Fin Mgr	Sept 2006	Completed Procedures implemented for future approvals. We are also working through previous approvals in order that all projects from April 2006 are covered.
40	3	Management should ensure that the actual title of a project is documented in the Operational Plan. Files should be able to be easily traced from the operational plan to a project file held in the central filing system.	Fin Mgr	March 2007	In progress Work is currently progressing on the 2007/08 Operational Plan and, once this is finalised and account codes allocated, instructions will be issued to all staff to include the account reference in the file title in order to increase traceability.