
Cairngorms National Park Authority

Internal Audit Annual Report

August 2006

This report and the work connected therewith is subject to the Terms & Conditions of the contract between Cairngorms National Park Authority and Deloitte & Touche LLP. This report is for the sole use of management and should not be released to any third party, unless required by law.

Deloitte.

Contents

	Page
Introduction	1
Results of Work Undertaken	2
Annual Statement to the Audit Committee	3
Statement of Responsibility	4
Appendix A	
2006/07 Operational Plan	5

Introduction

As Internal Auditors, our role is to provide the Audit Committee, Board and Management with independent assurance as to the adequacy and effectiveness of the systems of internal control we review and to report weaknesses identified together with recommendations for improvement. We fulfil this role by performing appropriate audit work in accordance with the annual internal audit plan approved by the Audit Committee.

This annual report summarises the overall results of our internal audit work programme undertaken in respect of the financial year ended 31 March 2006. We have presented our Annual Internal Audit Statement on page 3.

In terms of overall progress we can confirm that all fieldwork has been completed in accordance with the agreed audit programme, with the exception of our review of Procurement Review which was deferred following in order to align subsequent work with national responses to the McClelland Report.

Results of Work Undertaken at 31st July 2006

A summary of the results of each of our projects during the year is outlined below.

Cairngorms National Park Authority Service Report 2005/06			Number of Issues by Priority				
	Budget Days	Status	Actual Days	1	2	3	
Strategy & Planning	Corporate Planning	5	Fieldwork Complete	5	0	0	1
IT Risk	Contingency Planning	4	Final Report Issued	4	0	3	0
	IT Security	5	Final Report Issued	5	0	3	0
Financial Management Processes	Financial Ledger	5	Draft Report Issued	5	0	5	2
	Grant Awards	5	Draft Report Issued	5	0	2	3
	Cash Flow Management	5	Draft Report Issued	5	0	1	1
Legal, Regulatory and Business Risk Management	Risk Management	5	Draft Report Issued	5	0	0	2
Operational Reviews	Procurement	5	Deferred	0			
Follow-up Reviews	Follow-up 2004/05	2	Fieldwork Complete	1	N/A	N/A	N/A
	Contract Management	4	Complete	4	-	-	-
		45		39	0	14	9

One review remained outstanding at the end of the financial year, and related to the area of procurement. Following the publication of the McClelland Report on procurement, and the wider consultation and audit input into this area, the deferment of the project until after the clarification of audit roles in this area would avoid wasted audit input for the organisation.

Priority One Recommendations

No priority one recommendations were raised in 2005/06.

Follow-up

The Authority operates a robust system of follow-up on progress of prior year recommendations. The Head of Corporate Services reports to every Audit Committee on the progress of both Internal and External Audit recommendations. This is supplemented by an annual internal audit review of recommendations that have not been followed up in the course of our operational testing. In 2005/06, we undertook follow-up testing on project management and corporate planning during our standard audit testing. Those recommendations pertaining to payroll and fixed assets were followed-up in a separate exercise. No outstanding recommendations were identified.

Annual Statement to the Audit Committee

Report to the Audit Committee

As Internal Auditors, we are required to provide the Audit Committee with an Annual Internal Audit statement. The Cairngorms National Park Authority and its management are responsible for ensuring that a system of control, financial and otherwise, is established and maintained. This is in order to carry on the operations of the Authority in an orderly and efficient manner, to ensure adherence to management policies, to safeguard the assets, and to secure, as far as possible, the completeness and accuracy of records. Our responsibility as internal auditors is to evaluate significant systems and processes and associated internal controls and to report to the Audit Committee on the adequacy of such controls and systems. We cannot examine the whole system of controls, financial or otherwise, nor is internal audit a substitute for management's responsibility to maintain adequate systems of internal control over financial or operational systems.

The number and priority of the recommendations that we raised during the year are summarised on page 3.

In considering our opinion on the framework of controls we have taken the following into consideration:

- all audits undertaken during the year
- the balance of probity work against review of management arrangements and value for money work
- our perception of the extent of 'control awareness' amongst staff.

On the basis of work undertaken in the year ended 31 March 2006 we consider that Cairngorms National Park Authority generally has an adequate framework of control over the systems we examined as summarised on page 2 (subject to implementation of the recommendations). In providing such an opinion we would draw to your attention our summary findings as presented in our individual reports issued throughout the year.

We take responsibility for this report, which has been prepared on the basis of the limitations set out on page 4.

Statement of Responsibility

We take responsibility for this report, which is prepared on the basis of the limitations set out below.

Deloitte & Touche LLP

Inverness

August 2006

This report and the work connected therewith are subject to the Terms and Conditions of the engagement letter dated 15/07/04 between the Cairngorms National Park Authority and Deloitte & Touche LLP. The report is produced solely for the use of the Cairngorms National Park Authority. Its contents should not be quoted or referred to in whole or in part without our prior written consent, except as required by law. The matters contained in the report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive record of all the errors or weaknesses that exist, or improvements made by management. Deloitte & Touche LLP will accept no responsibility to any third party, as the report has not been prepared, and is not intended for any other purpose.

Deloitte & Touche LLP is a limited liability partnership registered in England and Wales with registered number OC303675.

A list of members' names is available for inspection at Stonecutter Court, 1 Stonecutter Street, London, EC4A 4TR, United Kingdom, the firm's principal place of business and registered office.

Tel: +44 (0) 20 7936 3000 Fax: (0) 20 7853 1198

Deloitte & Touche LLP is a member firm of Deloitte Touche Tohmatsu.

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

Deloitte & Touche LLP is authorised and regulated by the Financial Services Authority.

© 2006 Deloitte & Touche LLP. All rights reserved.

Appendix A – 2006/07 Operational Plan

We are pleased to present our operational plan for 2006/07. The plan was informed by analysis of the risks facing the CNPA, and discussions with senior management. The plan details the budgeted input days, the timing of each review as agreed with the Head of Corporate Services, and the Audit Committee meeting to which our final report will be presented.

		Budget Days	Timing	Audit Committee
Strategy & Planning	Corporate Governance	5	22/01/2007	Mar-07
IT Risk				
Financial Management Processes	Core Financial Controls	5	27/11/2006	Mar-07
	Financial Procedures and DLA	4	30/10/2006	Dec-06
Legal, Regulatory and Business Risk Management	Health and Safety	5	12/03/2007	Aug-07
Operational Reviews	Snowdrop HR System Review	8	20/11/2006	Dec-06
	Procurement	5	TBC	
Follow-up Reviews	Follow-up 2004/05	2	12/03/2007	Aug-07
	Contract Management	5	Ongoing	
		39		