



Cairngorms National Park Authority
Leader Review
Internal Audit 2009/10
November 2010
Strictly Private and Confidential

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Section 1 - Executive summary

1.1 Introduction

This Internal Audit of the Leader project is an additional annual review undertaken in order to satisfy the requirements of the Service Level Agreement with the Scottish Government Rural Payments and Inspections Directorate (SGRPID). The scope of this report was agreed with the Head of Corporate Services prior to the commencement of fieldwork.

1.2 Background

LEADER is a French acronym, 'Liaison Entre Actions de Développement de l'Économie Rurale', meaning 'Links between the rural economy and development actions' and is part of the Scottish Rural Development Plan 2007-2013.

The aim of LEADER is to enhance rural communities through helping those active in rural areas to consider the long term potential of their area and encourage the implementation of integrated, high quality, original strategies for sustainable local rural development.

CNPA has received LEADER project funding for a number of years. The introduction of Regulation (EC) 885/2006 requires that LEADER related audit work now requires to be undertaken on an annual basis.

In 2008/09, we undertook a detailed review of compliance with the SLA and in 2009/10, at the request of the Head of Corporate Services, we have been asked to review the process for completion and submission of the quarterly claims to establish whether SGRPID guidance has been complied with and the information in the claim can be reconciled to working papers and where appropriate receipts and invoices. We have selected the most recent claim for testing. This relates to the quarter ended September 2010.

Claims are completed on a quarterly basis and are based on project expenditure during the claim period. This is monitored and completed on a regular basis by the LEADER team and is signed off by the Head of Corporate Services prior to submission based on the LEADER year of October to September. Claims must be submitted to the SGRPID within 30 days of the end of the claim period.

1.3 Approach

Our approach involved discussions with key personnel, review of the guidance documentation to ensure compliance and testing of the claim period including reconciliation of claim figures to source documentation and review of banking records to ensure appropriate discharge of funding.

Section 1 - Executive summary (continued)

1.4 Conclusion

Performance against key controls for each system is documented below.

Audit areas	Overall Assessment
There is a structured process and documented procedures in place for completion of the quarterly claim	****
All legislative requirements have been addressed in terms of format, completion and review of the claim	****
All claim information can be supported by detailed working papers which are subject to review	****
All calculations relating to the claim are correct and can be reperformed	****
There is evidence of review of the claim prior to submission	****

Key:

- **** Arrangements accord with good practice and are operating satisfactorily (recommendations are in respect of minor matters)
- *** Adequate arrangements are in place, but certain matters noted as requiring improvement.
- ** Arrangements in place offer scope for improvement.
- * Inadequate level of control and unacceptable level of risk.

1.4 Conclusion (continued)

We can conclude that adequate control arrangements are in place, the organisation is compliant with SGRPID guidance and all claim information was appropriately reconciled. As a result, we have not raised any recommendations during this review.

Description	Priority	Number
Major issues that we consider need to be brought to the attention of Management and the Audit Committee	1	0
Important issues which should be addressed by management in their areas of responsibility	2	0
Minor issues where management may wish to consider our recommendations	3	0
	Total	0

Section 1 - Executive summary (continued)

1.5 Acknowledgements

We would like to take the opportunity to thank all of the staff at Cairngorms National Park Authority involved in assisting us in this audit.

Section 2 - Statement of responsibility

Statement of Responsibility

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

The matters raised in this report are only those which came to our attention during the course of our internal audit 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 internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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November 2010

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Appendix A - Scope & objectives

Background

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Objectives

Our specific objectives are to ensure:

- There is a structured process and documented procedures in place for completion of the quarterly claim;
- All legislative requirements have been addressed in terms of format, completion and review of the claim;
- All claim information can be supported by detailed working papers which are subject to review;
- All calculations relating to the claim are correct and can be reperformed; and
- There is evidence of review of the claim prior to submission.