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Cairngorms National Park Authority

Internal Audit Report

LEADER Administration

August 2020

Cairngorms National Park Authority

Internal Audit Report 2020/21

LEADER Administration

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<i>Audit Sponsor</i>	<i>Key Contacts</i>	<i>Audit team</i>
<i>David Cameron, Director of Corporate Services</i>	<i>Bridget Trussell, LEADER Manager</i>	<i>Chris Brown, Partner Stephanie Hume, Manager Lorna Munro, Internal Auditor</i>

Executive Summary

Conclusion

We have gained assurance that the procedures in place for the LEADER programme within Cairngorms National Park Authority reflect good practice and are operating effectively. There are clear roles, responsibilities and accountability structures in place within the organisation, guidance has been developed and disseminated which is aligned to the Service Level Agreement requirements and our testing of a sample of applications and claims identified no issues, with the controls outlined operating as expected.

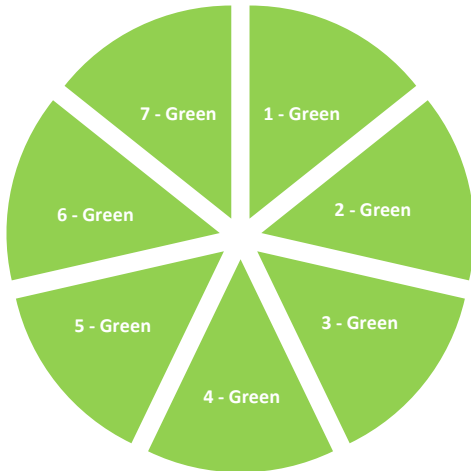
Background and scope

The LEADER Programme forms part of the Scottish Rural Development Programme 2014-2020 for which Cairngorms National Park Authority (CNPA) is the Accountably Body. The LEADER Programme is an initiative which aims to increase support to rural community and business networks to tackle local development objectives.

It is a requirement of the Service Level Agreement (SLA) between the Scottish Government and CNPA that an annual internal audit takes place to review the functions and services provided by the organisation in their role as Accountable Body, and to assess the extent to which they are meeting the requirements outlined in the SLA.

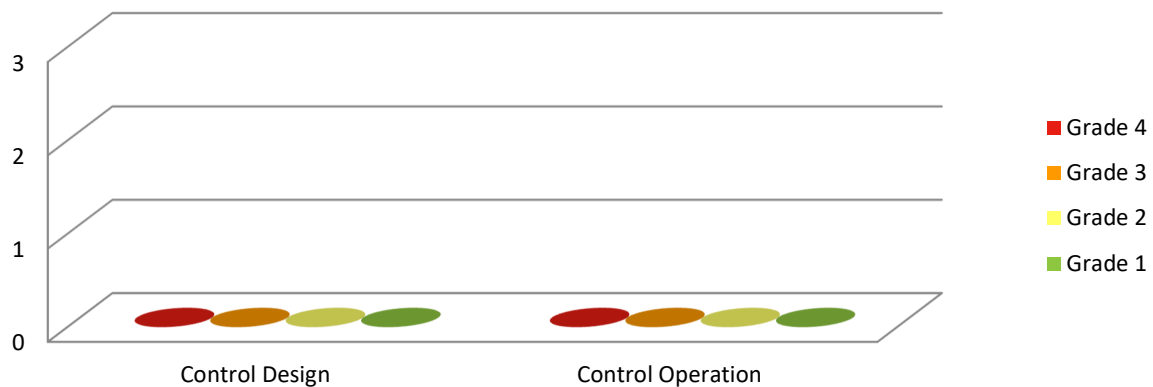
In accordance with the 2020/21 Internal Audit Plan, we reviewed the controls and processes in place to ensure compliance with the requirements of the SLA for the LEADER Programme.

Control assessment



- 1. There are efficient, effective and well controlled processes in place to ensure compliance with the Service Level Agreement.
- 2. Project and funding applications are considered and scored in accordance with a clearly defined process.
- 3. Applications are approved appropriately and on a timely basis.
- 4. Claims submitted to the Scottish Government by CNPA are in line with eligibility criteria.
- 5. Claims submitted to CNPA by applicants are reviewed and approved appropriately prior to payment.
- 6. Grant claim regulations are being complied with.
- 7. The Scottish Government's LARC IT system is being used effectively in accordance with the SLA.

Improvement actions by type and priority



No improvement actions have been identified from this review. See Appendix A for definitions of colour coding.

Key findings

Good practice

We have gained assurance that CNPA's procedures reflect good practice in a number of areas:

- Oversight and accountability for the LEADER programme has been assigned to the Director of Corporate Services helping to ensure the organisation are adhering to the SLA requirements.
- A number of guidance documents are in place for the programme which our testing confirmed are consistent with the SLA as far as possible. We also found these documents were clear and concise and have been made available to both applicants and staff.
- Our testing of a sample of applications and project claims processed during 2019/20 identified no issues and confirmed the controls in place are operating as expected.
- All claims are subject to review prior to payment by a member of the LEADER team, with approval given by the LEADER manager prior to processing.
- There is clear segregation of duties throughout the processes in place.

Areas for improvement

No areas for improvement were identified during our review.

Impact on risk register

The CNPA corporate risk register (dated March 2020) included the following risk relevant to this review:

- Role as Lead/Accountable body for major programmes (e.g. LEADER, Landscape Partnership) has risk of significant financial clawback should expenditure prove to be not eligible for funding, while CNPA carries responsibilities as employer for programme staff.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

Management Action Plan

Control Objective 1: There are efficient, effective and well controlled processes in place to ensure compliance with the Service Level Agreement.



Green

No weaknesses identified

CNPA have implemented a number of controls to ensure compliance with the Service Level Agreement including:

- Oversight and accountability being assigned to the Director of Corporate Services, who also attends the Accountable Body meetings.
- Having a number of key controls in place, including having appropriate segregation of duties, technical assessments of Expressions of Interests, Local Action Group (LAG) approval, change processes, claim checks and signoffs. Our testing of a sample of claims confirmed these were operating as expected.
- Having clear guidance and policies in place, which are aligned with the Service Level Agreement;
- An annual Internal Audit with sample compliance checks.
- Annual Scottish Government checks of application and claim processes using information stored in LARC.

Control Objective 2 & 3: Project and funding applications are considered and scored in accordance with a clearly defined process, in a timely manner.



Green

No weaknesses identified

The number of expressions of interests and applications received during the period reviewed was limited, however we reviewed one application which followed the CNPA process in full and a second which partially followed the CNPA processes, as a result of being a co-operation project with the Highland LAG.

We found no issues with our testing and confirmed the projects were assessed and scored in line with the agreed process.

No specific timescales have been set for the expression of interest and application approval process undertaken by CNPA. The timescales are driven by applicant engagement; however, we found the CNPA activities, for example, receipt to processing and approval to advising the applicant were completed in a timely manner.

Our testing also confirmed that all documentation requiring a hard copy signature (e.g. funding application, grant offer and acceptance) had been appropriately signed and documentation retained by CNPA.

Control Objective 4: Claims submitted to the Scottish Government by CNPA are in line with eligibility criteria.

Green

No weaknesses identified

We confirmed the eligibility criteria is clearly outlined in the guidance available to both applicants and staff within CNPA. All claims made by applicants are subject to review to ensure they are eligible, and that appropriate evidence of the expenditure incurred has been provided.

Claims are signed off by a member of the CNPA LEADER team and approved, using a sample check methodology, by the LEADER manager.

Once claims to CNPA by the applicant have been assessed and processed for payment, CNPA makes a corresponding claim to the Scottish Government, thereby minimising the opportunity for unclaimed funds and errors occurring.

We identified no issues within our sample testing and confirmed that the claims all had a corresponding and timely claim to the Scottish Government.

Control Objective 5 & 6: Claims submitted to CNPA by applicants are reviewed and approved appropriately prior to payment, in line with regulations.

Green

No weaknesses identified

Applicants must submit claims in line with the milestones agreed at the time of application and grant offer. Changes to the milestones must be agreed, in line with delegated authority, by the LEADER Manager or the LAG.

All claims must be submitted with supporting evidence which is reviewed by the LEADER team prior to processing the payment and recording in LARC.

We found no issues with the project claims tested.

Control Objective 7: The Scottish Government's LARC IT system is being used effectively in accordance with the SLA.

Green

No weaknesses identified

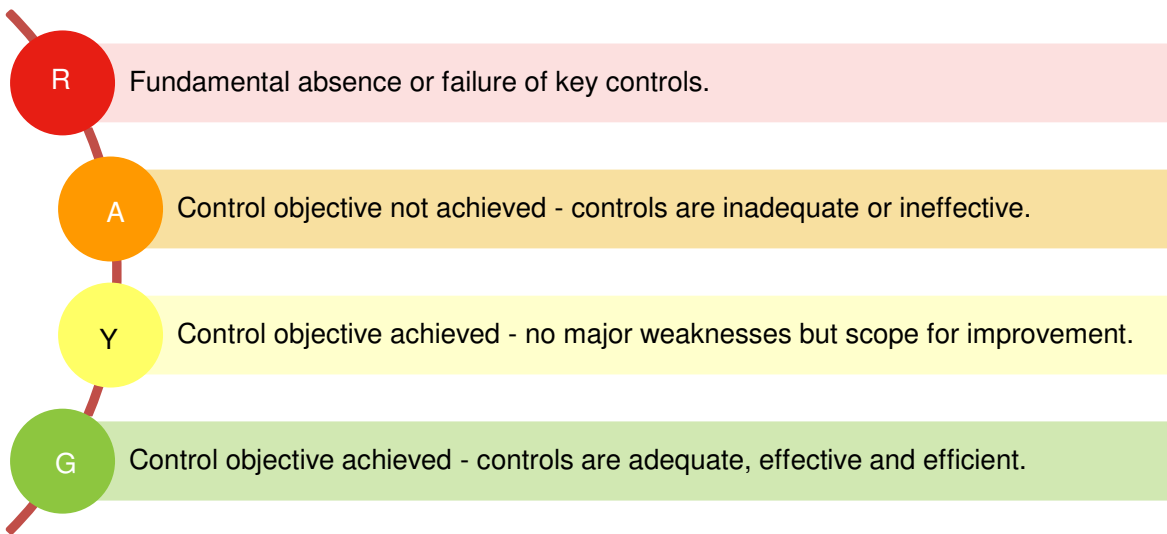
CNPA has highlighted to the Scottish Government the limitations to the LARC system, for example some applicants cannot use the system as their own broadband access is limited, all LAG members cannot simultaneously access the system when assessing applications.

The Scottish Government is aware of these issues and we have assessed compliance against the revised arrangements which have been agreed with the Scottish Government.

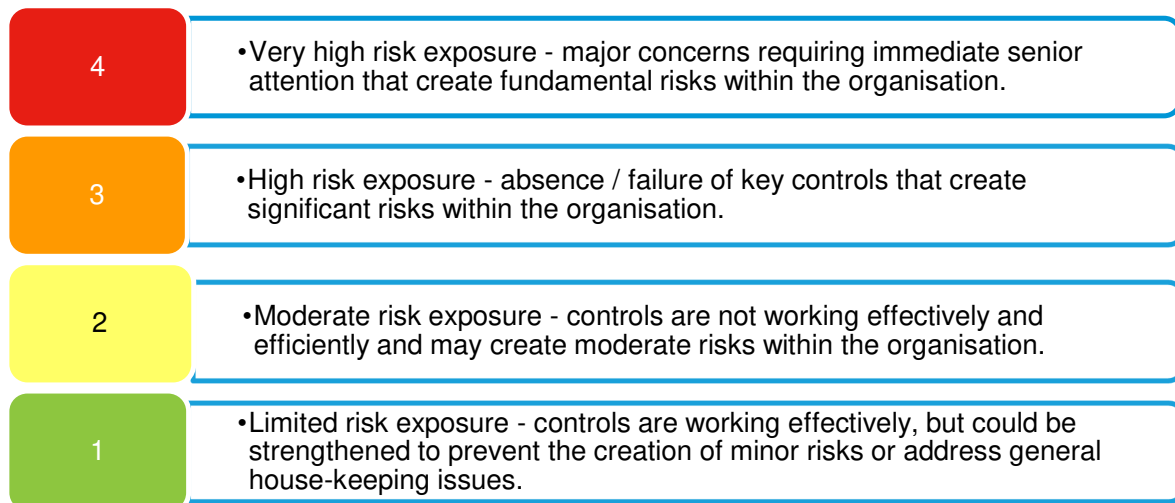
We found that all the stages of the grant funding process were appropriately recorded in LARC for those projects included in our sample test, with one exception. A withdrawn project was noted in LARC as 'reworked' rather than 'withdrawn'. CNPA staff have contacted the Scottish Government on multiple occasions to have this information updated however they are awaiting action to be taken.

Appendix A – Definitions

Control assessments



Management action grades



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