



Cairngorms National Park Authority
Follow up of prior year recommendations
Internal Audit 2007/08
September 2008
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Section 1 - Executive summary

1.1 Background

The purpose of this review was to follow up on the recommendations not fully implemented from 2005/06 and to follow up all 2006/07 recommendations contained within the internal audit reports to ensure action points have been implemented and are functioning as intended. The following summarises the reports that were considered as part of our follow up review.

| Report | Date of review | Number of recommendations to be followed up | | |
|------------------------------------|----------------|---|------------|------------|
| | | Priority 1 | Priority 2 | Priority 3 |
| 2005/06 Reports | | | | |
| Payroll | March 2005 | 0 | 0 | 1 |
| Corporate and Operational Planning | August 2005 | 0 | 0 | 2 |
| Financial Ledger | March 2006 | 0 | 5 | 2 |
| Grant Awards | March 2006 | 0 | 2 | 3 |
| 2006/07 Reports | | | | |
| Risk Management | August 2006 | 0 | 0 | 2 |
| Cash Flow Management | August 2006 | 0 | 1 | 1 |
| Snowdrop HR System | February 2007 | 0 | 1 | 2 |
| Health and Safety | August 2007 | 1 | 5 | 1 |

Section 1 - Executive summary (continued)

1.2 Approach

The organisation operates an internal 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 our annual internal audit of recommendations that have not been followed up in the course of operational testing. Our follow up results are determined through:

- Discussions of progress to date with responsible officers for the implementation of management actions;
- Sample testing where appropriate.

1.3 Overall summary

A summary table has been provided below detailing the priority rating of each recommendation raised in each report and the follow up status. Currently, approximately 66% of the recommendations raised have been fully implemented or determined as requiring no further action. 31% of findings have been reported as partially implemented.

| Report | Complete | In Progress | Outstanding | Total |
|------------------------------------|-----------|-------------|-------------|-----------|
| 2005/06 | | | | |
| Payroll | 1 | 0 | 0 | 1 |
| Corporate and Operational Planning | 1 | 1 | 0 | 2 |
| Financial Ledger | 4 | 2 | 1 | 7 |
| Grant Awards | 4 | 1 | 0 | 5 |
| 2006/07 | | | | |
| Risk Management | 1 | 1 | 0 | 2 |
| Cash Flow Management | 1 | 1 | 0 | 2 |
| Snowdrop HR System | 3 | 0 | 0 | 3 |
| Health and Safety | 4 | 3 | 0 | 7 |
| | 19 | 9 | 1 | 29 |

Section 1 - Executive summary (continued)

1.3 Overall summary (continued)

From the discussions that we held throughout our follow up review, CNPA reported that many of these partially implemented and outstanding controls are to be completed in the near future after the current restructuring exercise has been finalised.

Details of the status of recommendations by priority are summarised below.

| Priority | Complete | In Progress | Outstanding | Total |
|----------|----------|-------------|-------------|-------|
| 1 | 1 | 0 | 0 | 1 |
| 2 | 9 | 5 | 0 | 14 |
| 3 | 9 | 4 | 1 | 14 |
| | 19 | 9 | 1 | 29 |

It is noted that 19 recommendations have been fully implemented and nine are in progress leaving only one priority three recommendation not actioned. We raised one priority one recommendation regarding the implementation of monthly health and safety checks with appropriate feedback to management and the Board on progress against health and safety issues. Appropriate action has been taken and this is now completed. All other issues raised in the Health and Safety report have either been fully actioned or are in progress.

Other recommendations which have been progressed relate to risk management (the documentation of management team minutes), cash flow management (reconciling petty cash on a regular basis), the Snowdrop HR system (recommendations raised regarding appropriate data capture for absence recording and review of the operations of the system to determine if full functionality is being utilised), corporate and operational planning (putting the plans on the website) and Financial Ledger (review of suspense accounts and the trial balance as part of month-end procedures and review of monthly journal and exception reports).

It was noted that only one recommendation has not been progressed. This was rated as priority three and related to the production and review of monthly journal and exception reports including an aged creditor report to identify outstanding debts over 30 days. The interim Finance Manager is currently reviewing this and will progress the recommendation in due course.

Section 1 - Executive summary (continued)

1.3 Overall summary (continued)

No priority one recommendations require further action.

Five priority two issues are in progress and their current status is as follows:

- Regular review of suspense accounts – the monthly account reconciliation process is under review at present and once finalised this will be undertaken on a monthly basis.
- Trial balance to be printed and reviewed as part of the month end process – this is being addressed alongside the above issue.
- All incoming cheques to be logged – it has been agreed with Corporate Services that this will be included in the mail log and is about to commence.
- All fire marshals to be given appropriate training – the move from Morlich House has resulted in a re-assignment of responsibilities. Only one fire marshal remains untrained although one has not had their training updated since 2004.
- All staff to complete personal and generic risk assessments to comply with the Health and Safety policy – this is ongoing as some line managers have yet to complete this exercise. They will be reminded of the requirement to complete this.

Section 2 – Recommendations which are being progressed or have not been implemented

| Year | Report | Recommendation | Priority | Management Action | Current Status | Status Summary |
|---------|------------------------------------|---|----------|------------------------|--|--------------------|
| 2005/06 | Corporate and Operational Planning | The corporate and operational plans should be added to the CNPA website as soon as possible. | 3 | Accepted. | <p>Update at last Audit Committee The Corporate Plan for 2005 to 2008 is now on the 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.</p> <p>Current Status From review of the website, the Corporate Plan is available online within the publications section, and Operational Plan documentation is available within the Board papers. Operational Plans to be shown separately on the website.</p> | In Progress |
| 2005/06 | Financial Ledger | 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. | 2 | Recommendation agreed. | <p>Update at last Audit Committee The suspense accounts are now reviewed as part of the bank reconciliation control.</p> <p>Current Status The Interim Finance Manager is currently reviewing the month end process and revised measures are being put in place.</p> | In Progress |
| 2005/06 | Financial Ledger | 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. | 2 | Recommendation agreed. | <p>Update at last Audit Committee Reviewed by Head of Corporate Services.</p> <p>Current Status This is being reviewed as part of the current review of financial processes by the Interim Finance Manager.</p> | In Progress |
| 2005/06 | Financial Ledger | 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 aged creditor report to identify any outstanding debts over 30 days. | 3 | Recommendation agreed. | This has not been actioned to date and is being addressed by the Interim Finance Manager. | Outstanding |

Section 2 – Recommendations which are being progressed or have not been implemented (continued)

| Year | Report | Recommendation | Priority | Management Action | Current Status | Status Summary |
|---------|-----------------|--|----------|--|---|--------------------|
| 2006/07 | Risk Management | The Finance Manager should ensure that the use of the Risk Register is included in the guidance notes for Project Officers. Project Officers should also be made aware of the location of the Risk Register. | 3 | Recommendation agreed. We will seek to highlight the location of the latest version of the Strategic Risk Register and the Expenditure Justification Form guidance notes. | <p>Update at last Audit Committee In Progress</p> <p>Current Status The EJF has been amended to include consideration of risk management. It includes a statement to say the project should include risk in terms of overall strategic risk, however it does not yet make reference to alignment with the risk register.</p> | In Progress |
| 2006/07 | Health & Safety | All Fire Marshals should be given appropriate training in respect of fire prevention and control and evacuation procedures as soon as possible. CNPA should consider if the training of all staff in fire awareness and prevention would be of benefit to the organisation. | 2 | <p>The finding arises from recent turnover in staffing, which will always be a feature of an organisation – hence the decision to have 8 marshals for an organisation of only 60 staff to ensure there will always be sufficient trained staff in place.</p> <p>Fire Marshal training has now been held (July 2007) and all staff therefore now up to date. Annual programme of training to be put in place to ensure skills are up to date and cover any future personnel changes.</p> <p>All line managers have received health and safety training, with the intention that this filters down through the organisation and helps support implementation of policy and procedures.</p> | <p>Update at last Audit Committee Only one fire marshal remains untrained though another has not had their training updated since 2004. There is now at least one fire marshal at each site.</p> <p>Current Status The move from Morlich House back to the original building has resulted in a reorganisation of responsibilities which is currently in progress.</p> | In Progress |
| 2006/07 | Health & Safety | CNPA must ensure that all staff complete their personal and generic risk assessments as soon as possible in order to comply with Health & Safety policy. | 2 | Recommendation accepted. Reminder to complete or update personal / generic risk assessments will be issued as part of upcoming mid-year assessment process; implementation monitored and reinforced through Management Team. | <p>Update at last Audit Committee Fire and H&S checks carried out monthly and reported to HofCS. Details fed through to MT and update provided to SC Forum. Information Paper submitted to Audit Committee annually or more often if necessary.</p> <p>Current Status This is ongoing and had an agreed action date of October 2007. An email was issued by the HR Manager to ensure that the risk assessments are completed as part of the annual process. A number of risk assessments have yet to be returned.</p> | In Progress |

Section 2 – Recommendations which are being progressed or have not been implemented (continued)

| Year | Report | Recommendation | Priority | Management Action | Current Status | Status Summary |
|---------|----------------------|--|----------|---|---|--------------------|
| 2006/07 | Health & Safety | The appointment of a Safety Representative should be formalised and the appointment conveyed to all staff. | 3 | <p>This has been done, through incorporating agreed targets for health and safety into the Business Services Manager's annual appraisals, and also communicated to staff (initially by Staff Consultative Forum paper 8, May 2005). The Business Services Manager has also undertaken agreed Health and Safety Training – the Institute of Safety and Health "Managing Safely" one-week course.</p> <p>Acknowledged that the job description for the role requires to be updated.</p> | <p>Update at last Audit Committee Responsibility contained in job description of BS Manager and displayed on safety notices throughout the building.</p> <p>Current Status This forms part of the BS Manager's forward target. Audit Committee acknowledgement to follow. The information regarding the health and safety representative is displayed on notices but not yet within the job description due to a current structural review of the Corporate Services team. To be completed.</p> | In Progress |
| 2005/06 | Grant Awards | <p>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.</p> <p>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.</p> | 3 | <p>Recommendation agreed. Corporate Service staff will issue a notice to all Heads of Group and relevant staff advising and reinforcing that this practice should be adopted. We will also develop and implement a regular audit process of central files and sign out book.</p> | <p>Update to last Audit Committee Guidance on opening and closing files is available to staff. Admin staff have responsibility for opening and closing files and maintaining the file record management system. A review is being carried out to improve the filing system with a view to moving towards an electronic document and records management system. Appropriate audit arrangements for file management being considered.</p> <p>Current Status The review to improve the filing system is ongoing.</p> | In Progress |
| 2006/07 | Cash Flow Management | <p>All income received within the organisation should be recorded in the form of a cheque log. This should record information such as:</p> <p>Amount received; Received from; Cheque no; Date received and Received by</p> <p>The Finance Assistant should sign the log when receiving income.</p> | 2 | <p>Recommendation accepted.</p> | <p>Update at last Audit Committee In Progress</p> <p>Current Status This has been reviewed and will shortly be implemented.</p> | In Progress |

Section 3 – Fully implemented recommendations / no further action required

| Year | Report | Recommendation | Priority | Management Action | Current Status |
|---------|------------------------------------|---|----------|---|--|
| 2005/06 | Payroll | An authorised signatory list should be created detailing staff authorised to sign off expense claims and any thresholds for authorisation. | 3 | Agreed that this is a worthwhile additional control, although given the scale of the operation and the full coverage shown by the testing of claims, there is some question as to whether this should be a priority three recommendation, rather than a priority two as shown. Authorised signatory list will be developed following finalisation of delegated authority limits. | Update at last Audit Committee 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. Current Status Details of officers with authority to approve expense claims contained in Appendix A and B of Financial Regulations. |
| 2005/06 | Corporate and Operational Planning | Board members should be involved in the brainstorming sessions with staff and also in prioritisation sessions to ensure views are fairly reflected. | 3 | Recommendation accepted. | Update at last Audit Committee 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. Current Status Implemented as per above comments. |
| 2005/06 | Financial Ledger | All journal entries, which are created by finance processing staff, should be authorised by the Fin Manager | 2 | Recommendation agreed and action initiated following audit exit meeting. | Update at last Audit Committee Completed Current Status Journal authorisations were reviewed and all were appropriate. |
| 2005/06 | Financial Ledger | 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. | 2 | Recommendation agreed. | Update at last Audit Committee File of signed bank reconciliations are maintained. Current Status Bank reconciliations are reviewed and signed by the Finance Manager. These are retained on file. |
| 2005/06 | Financial Ledger | 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. | 2 | Recommendation agreed. | Update at last Audit Committee 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. Current Status No further action to be taken - Complete. |

Section 3 – Fully implemented recommendations / no further action required (continued)

| Year | Report | Recommendation | Priority | Management Action | Current Status |
|---------|------------------|---|----------|---|---|
| 2005/06 | Financial Ledger | <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> | 3 | Recommendation agreed. | <p>Update at last Audit Committee 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 not 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> <p>Current Status No further action to be taken - Complete.</p> |
| 2005/06 | Grant Awards | 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. | 2 | Agreed that all planned expenditure in excess of £5k should be supported by an Expenditure Justification Form, in line with the financial regulation requirements. We are looking at the establishment of a central control of expenditure justification forms to ensure Finance is aware of projects being progressed and enabling retention of a central record of all EJF's. | <p>Update at last Audit Committee 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 an EJF to be completed for all payments in excess of £5,000 and this rule continues in operation.</p> <p>Current Status Applied as per above comments.</p> |
| 2005/06 | Grant Awards | 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. | 2 | Recommendation agreed. Corporate Services staff will issue a notice to all Heads of Group and relevant staff advising and reinforcing that this practice should be adopted. | <p>Update at last Audit Committee 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.</p> <p>Current Status A sample of grant offers selected for testing were signed by either the Finance Manager or the Chief Executive. These were returned and given to Project Managers.</p> |
| 2005/06 | Grant Awards | All responses from the Finance Committee and the Scottish Executive should be printed and retained in the project file. | 3 | Recommendation agreed. It should be noted that we are in the process of changing working practices and delegated limits with the Finance Committee and discussing changes to the Scheme of Delegation with the Scottish Executive. However, the principle of maintaining a hard copy of all relevant correspondence for audit purposes is accepted. | <p>Update at last Audit Committee Procedures implemented for future approvals. We are also working through previous approvals in order that all projects from April 2006 are covered.</p> <p>Current Status Correspondence is electronically stored in the project file.</p> |
| 2005/06 | Grant Awards | 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. | 3 | Agree that a system is required to ensure files can be easily reconciled and matched back to operational plan. | <p>Update at last Audit Committee All staff informed.</p> <p>Current Status Review of Operational Plans and are now set at higher level so not down to individual activities but instead more focussed on outcomes.</p> |

Section 3 – Fully implemented recommendations / no further action required (continued)

| Year | Report | Recommendation | Priority | Management Action | Current Status |
|---------|------------------------------|---|----------|---|--|
| 2006/07 | Risk Management | All Management Team minutes should be documented and posted to the shared network drive. If it is not possible for the Head of Corporate Services to complete this task, consideration should be given to delegating this to another member of staff. | 3 | Recommendation accepted. Notes of Management Team (MT) meetings were initially prepared as an internal communications tool, to ensure staff could, if they wished, keep themselves informed of business considered by MT. Staff feedback suggested that these notes should only be issued in cases where significant matters required to be highlighted, in order to streamline internal communication processes. However the matter of MT notes providing audit trails around decisions is now noted. The Head of Corporate Services undertook to prepare these notes in order not to place a further strain on already stretched administration resources within the organisation and we will continue to review the best use of staff time in meeting this recommendation. | <p>Update at last Audit Committee In Progress</p> <p>Current Status All minutes are now documented by the Head of Corporate Services.</p> |
| 2006/07 | Cash Flow Management | The petty cash spreadsheet should be passed to the Finance Assistant, with the receipt book and the imprest in order to be appropriately reconciled prior to recording in the ledger. | 3 | Recommendation accepted. | <p>Update at last Audit Committee Completed.</p> <p>Current Status This process is now completed.</p> |
| 2006/07 | Review of Snowdrop HR System | Forced Snowdrop password changes should be implemented into the system to increase system security. This should take place at least every 90 days or on the same change cycle as the network log in passwords. | 2 | The Head of Corporate Services and Business Services Manager will keep IT security policies under review, and reconsider this recommendation on specific application passwords, as part of the future IT Strategy development. | <p>Update at last Audit Committee The Head of Corporate Services and the HR Manager stated that Snowdrop can only be accessed from 4 terminals. To access Snowdrop, the member of staff must have logged onto the network, which itself has a forced password change.</p> <p>Current Status Accepted level of risk, no further action to be taken.</p> |
| 2006/07 | Review of Snowdrop HR System | The Snowdrop system data capturing functionality should be fully utilised and used for recording all types of absence. Such data should then be used for monitoring and reporting purposes should trend analysis identify any significant issues. | 3 | Maintain overview of business case for further resource investment in time recording and staff deployment monitoring systems. | <p>Update at last Audit Committee The Head of Corporate Services and the HR Manager stated that there was no business need at present to implement the recommendations.</p> <p>Current Status Accepted level of risk - no further action to be taken.</p> |
| 2006/07 | Review of Snowdrop HR System | The operation of the system should be reviewed to determine if all available functionality is being utilised. | 3 | The implementation of this requires separate training and set up. We have phased the implementation of the HR database to ensure that we roll it out in a logical manner. Now that we have the more basic elements working smoothly, and have a good understanding of the system, this is something we plan to implement through 2007. It is crucial that the underlying data is functioning correctly and that the system is set up to ensure that messages sent out are accurate before an automated emailing system is put into place. | <p>Update at last Audit Committee The Head of Corporate Services and the HR Manager stated that there was no business need at present to implement the recommendations.</p> <p>Current Status Accepted level of risk - no further action to be taken.</p> |

Section 3 – Fully implemented recommendations / no further action required (continued)

| Year | Report | Recommendation | Priority | Management Action | Current Status |
|---------|-----------------|---|----------|--|--|
| 2006/07 | Health & Safety | Action plans should be developed, monitored and reported to the Management Team on a quarterly basis and thereon to a suitable governance committee. | 1 | <p>In discussion with the Health and Safety representative, and following a walk-through of premises with him, the Head of Corporate Services has ascertained that action has been taken on issues highlighted in the reports. However, it is also clear that no written record has been made of action taken in addressing issues raised, or of further evaluation of risks entailed; the potential to take action to mitigate risk or the decision to accept minor risks and monitor the situation. These records will be established, a health and safety monitoring log established, and these will be reviewed by the Head of Corporate Services and Health and Safety representative on a quarterly basis.</p> <p>The BS Manager has also initiated a monthly walk through of the premises to ensure appropriate policies are being adhered to and make an inspection to identify any hazards and / or maintenance issues.</p> | <p>Update at last Audit Committee Fire and H&S checks carried out monthly and reported to HofCS. Details fed through to MT and update provided to SC Forum. Information Paper submitted to Audit Committee annually or more often if necessary.</p> <p>Current Status Our testing supports the above statement with an information paper expected at the next Audit Committee</p> |
| 2006/07 | Health & Safety | The deficiencies in relation to Health & Safety risks should be actioned by CNPA at the earliest opportunity. Where it is not deemed practical to do so or if there are resource constraints then this should be reflected in the organisation's risk register. | 2 | <p>In discussion with the Health and Safety representative, and following a walk-through of premises with him, the Head of Corporate Services has ascertained that action has been taken on issues highlighted in the reports. However, it is also clear that no written record has been made of action taken in addressing issues raised, or of further evaluation of risks entailed; the potential to take action to mitigate risk or the decision to accept minor risks and monitor the situation. These records will be established, a health and safety monitoring log established, and these will be reviewed by the Head of Corporate Services and Health and Safety representative on a quarterly basis. The Business Services Manager has also initiated a monthly walk-through of the premises to ensure appropriate policies are being adhered to and make an inspection to identify any hazards and / or maintenance issues.</p> | <p>Update at last Audit Committee In Progress</p> <p>Current Status A monthly health and safety walk round is conducted by the individual responsible for health and safety matters. Records are maintained, stored electronically and a copy is sent to the Head of Corporate Services on a monthly basis who replies to confirm acceptance.</p> |
| 2006/07 | Health & Safety | Staff should be reminded that designated fire doors must remain closed at all times when not in use. If there is a requirement for doors to remain open then a solution should be sought that ensures the doors close automatically when the fire alarm sounds. | 2 | <p>All office doors are designated as "fire doors". However, in order to overcome some of the hurdles posed to integrated working between officers and Groups by the office geography and improve communications between staff, which comprises a number of offices accommodating between 1 and 3 staff, it has become accepted practice to wedge office doors open.</p> <p>It is agreed that all fire doors for circulation areas must be kept closed at all times, in order to control the spread of fire should any such event occur.</p> <p>The cost of automatic door closures is likely to be prohibitive. However, closure of all fire doors in circulation areas will significantly mitigate the risk of fire spreading rapidly from high risk areas.</p> | <p>Update at last Audit Committee Fire doors will be closed by fire marshals during their check of the building in the event of fire. Staff have been reminded to close doors as they leave the premises and cleaners have clear instructions to close all doors when cleaning completed. Automatic closers being investigated.</p> <p>Current Status The above comments have been actioned with the exception of automatic closers being implemented. This is viewed to be an acceptable level of risk by the organisation.</p> |
| 2006/07 | Health & Safety | A formal schedule of Portable Appliance Testing should be developed and the results recorded to ensure that all electrical devices are subject to regular testing. Hardwire testing should be scheduled and conducted at the earliest convenience for the properties that have not had their wiring replaced in the last two years. | 2 | Recommendations accepted. | <p>Update at last Audit Committee Electrical contractor engaged to carry out PAT testing in Jan 2008. Hardwire testing to be scheduled for mid 2008.</p> <p>Current Status All testing has been completed.</p> |

Section 4 - 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.

Deloitte & Touche LLP

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September 2008

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