

CAIRNGORMS NATIONAL PARK AUTHORITY

FOR INFORMATION

Title: UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

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Purpose

To present an update of progress made by officers on recommendations made in previous internal audit reports.

Recommendation

The Committee is requested to note the progress made to date on previous internal audit recommendations, as summarised in the paper.

Executive Summary

This paper presents a summary of Deloitte's recommendations for improvements to the Authority's internal control systems, together with comment on progress made to date by officers.

A full follow-up review of each area will be undertaken by Deloitte as part of each year's audit activity. These updates are intended to complement rather than replace this process, giving members an ongoing update on progress and hence avoiding lengthy periods elapsing between initial and follow up information.

UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

Background

1. The Head of Corporate Services indicated at a previous meeting that it was intended to include an update on previous internal audit recommendations as a standing item for the Committee's agenda. This will both act as a reminder of previous reviews undertaken and recommendations arising, and allow members to be updated on progress.
2. As indicated in the internal auditors' operational plan for 2005/06, a full follow-up review of each area will be undertaken by Deloitte as part of each year's audit activity. These updates are intended to complement rather than replace this process, giving members an ongoing update on progress and hence avoiding lengthy periods elapsing between initial and follow up information.
3. Unless explicitly indicated to the contrary, these progress reports come from Authority's officers and have not been previously considered by internal audit staff.

Progress on Recommendations

4. A summary of Deloitte's recommendations for improvements to the Authority's internal control systems, together with comment on progress made to date by officers, is presented in the Annex to this paper.

Future Action

5. It is intended that the recommendations made will appear on these updates to the Committee until the internal auditors have undertaken a follow up review into the area concerned.
6. Once a follow-up has been undertaken, the internal auditors will report to the Committee on findings. At this point, recommendations which have been addressed in full will be removed from the schedule. Others may be replaced by new recommendations arising from the follow up review.

CNPA: OVERVIEW OF RECOMMENDATIONS IN INTERNAL AUDIT REPORTS

PAYROLL

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		In progress. All employee data now input into new HR database (Snowdrop), so reports can now be issued. Reconciliations may now be undertaken from 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	Part Complete. Staff listings and expense claims are produced and authorised each month. Exception, amendment and overtime reports will be produced monthly from December and reconciled by Snowdrop HR system records. Levels of absence will be monitored through Snowdrop HR reports rather than through SAGE as recommended.
5	2	Formal reports should be produced detailing levels of absence for the organisation and also by department. It	HoCS HR Manager	August 2005	In progress. Employee data now in new HR database, so reports can be issued at

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		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.			any time. Initial trial reports produced.
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		In progress. 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	In Progress
		FIXED ASSETS			
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	In Progress. Financial regulations approved by Audit Committee August 2005. Work still to be completed in rolling these out fully throughout the organisation.
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	In Progress. Records have been updated during November 2005. The "formal" asset register is to be revised to reflect the change to capitalisation thresholds, leading to fewer items formally identified as "fixed assets".
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	In Progress. Items are being verified and labelled as part of the above update process.
11	2	All assets should be	Fin Mgr	June 2005	In Progress. Items are

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		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 into the asset register, especially the information regarding the location of the assets.			being verified and labelled as part of the above update process.
12	3	All depreciation calculations should be reviewed to ensure they are correct and any incorrect balances corrected.	Fin Mgr	June 2005	Complete.
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	Complete.
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.			Complete.
		CORPORATE AND OPERATIONAL PLANNING			
15	3	The corporate and operational plans should be added to the CNPA website as soon as possible.		September 2005	In Progress. CNPA has been awaiting Ministerial approval for its Corporate Plan, which has only recently been received. Publication on the website prior to approval would not have been appropriate.
16	3	Board members should be		May 2006	Next Corporate

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		involved in the brainstorming sessions with staff and also in prioritisation sessions to ensure views are fairly reflected.			Planning process not due to commence until Spring 2006. Note: Full Board was involved in prioritisation of current plans through discussion paper and meeting Jan 2005.

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