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*Cairngorms National Park Authority*  
*Project Management Review – Point of Entry Signage*  
*Internal Audit 2008/09*  
*December 2008*  
*Strictly Private and Confidential*

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## Section 1 - Executive summary

### 1.1 Introduction

This internal audit of the Point of Entry Signage Project was selected as one of two project reviews to be undertaken in the current financial year by the Head of Corporate Services. The scope of this review was agreed with the Head of Corporate Services prior to the commencement of fieldwork.

### 1.2 Background

The development of entry point markers for the National Park was identified as one of Cairngorms National Park Authority's (CNPA) earliest priorities. The aim of the project was to develop entry point markers, in association with landscaping and other works, to provide a positive experience for people arriving at the Park, encapsulating the area's essential character and as far as possible evoking the Park's fundamental values of quality, welcome, integrity, respect, protection and progress. Twenty-five road and official long distance route entrances and five railway stations were identified as 'gateways' to the Cairngorms National Park.

Initially development of the project was through the Gateways and Information Working Group that operated between November 2003 and May 2004. Between July 2004 and the Board meeting in August 2007 when it was decided to postpone the final placing of the southern stones, the project was the subject of seven Board papers. These papers sought approval for the various stages of the project and were used as a means of updating the Board on the progress of the project.

Implementation of the project involved a number of stages:

- Installation of 10 temporary entry point road signs and entry signs at five railway stations in 2004/05;
- Installation of 21 permanent granite entry point markers on all non trunk roads and associated landscaping in 2006/07;
- Development of interpretation for entry points; &
- Installation of 3 trunk roads markers and associated landscaping in 2007/08.

This project has not been formally concluded. In August 2007 CNPA became aware that the boundary of the national park was likely to increase and as such postponed the installation of the main southern markers. Upon completion of the boundary consultation process, with subsequent designation amendments, there will be a final stage of installation in Perthshire. It is expected that this will require approximately five more markers and completion is not expected before the summer of 2010.

The latest revised budget for the project has been set at £1.25m with current estimated costs in the region of £1.067m being reported, meaning that, at present, the project is expected to come in under budget. The reported costs are still estimates as the project is ongoing and a final cost analysis has not yet been prepared as there is still financial information outstanding from some of the project partners.

## Section 1 - Executive summary (continued)

### 1.2 Background (continued)

Not all of this information will be available until after the southern boundary of the park has been agreed and the final entry point markers have been placed.

### 1.3 Approach

We sought to establish and document the key processes in place from inception to completion of this project through discussion with CNPA staff and a review of relevant documentation. We then tested the key controls to ensure adequacy and effectiveness. As this project has not yet been formally completed, we are only able to report on the actions of CNPA as recorded at the time of our audit visit.

## Section 1 - Executive summary (continued)

### 1.4 Conclusion

The key objective is to ensure that the controls in place for the following audit areas are adequate and effective:

Audit areas	Overall Assessment	Report Ref.
There is an appropriate rationale for the implementation of the project.	****	
The project has clear aims and objectives which were outlined prior to approval.	***	2.2
The impact of the project was appropriately assessed prior to approval.	****	
There is a clear link between the objectives of the project and the National Park and Corporate Plans.	***	2.2
The project has been appropriately approved and funding determined with all potential sources of funding considered.	****	
The objectives of the project have been delivered and can be clearly demonstrated.	**	2.1, 2.2, 2.3 & 2.4
There is appropriate ongoing assessment and upwards reporting of progress against the objectives of the project.	**	2.1, 2.2, 2.3, 2.4 & 2.5

**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.

To assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

- **Priority One** - Major issues that we consider need to be brought to the attention of management and the Audit Committee,
- **Priority Two** - Important issues which should be addressed by the management in their areas of responsibility,
- **Priority Three** - Minor issues where management may wish to consider our recommendations.

## Section 1 - Executive summary (continued)

### 1.4 Conclusion (continued)

We can conclude that the controls in place in respect of the audit areas have scope for improvement. We have summarised the weaknesses and issues below and further details of our findings and recommendations can be found within **Section 2** of this report.

Our key findings are as follows: -

- A review of the project to date has not taken place (*Recommendation 2.1*);
- The intangible aims of the project have not been assessed (*Recommendation 2.2*);
- There is no documentation on file as to how the invitation to tender list for the project scoping consultant was devised (*Recommendation 2.3*);
- There is no documentation on file as to how the tenders received for the project scoping consultant were scored by CNPA (*Recommendation 2.4*); &
- A report of the actual costs to date has not been provided to the Board (*Recommendation 2.5*).

Our detailed findings and recommendations are within **Section 2** of this report. In total, we identified **five** recommendations as follows:

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	5
Minor issues where management may wish to consider our recommendations	3	0
	<b>Total</b>	<b>5</b>

### 1.5 Acknowledgements

We would like to take the opportunity to thank all of the staff of CNPA involved in assisting us in this audit. The findings and recommendations in this report were discussed with the Project Lead and the Head of Corporate Services at the conclusion of our fieldwork.

## Section 2 - Detailed findings and recommendations

### 2.1 Post project review

Finding	Recommendation	Rationale	
<p>The vast majority of the outcomes of this project have now been achieved, with all but the southern most markers in place.</p> <p>As the project has not been formally completed there has been no post project review undertaken by CNPA.</p> <p>The tacit knowledge from this project is still in the organisation but has not yet been formally documented to benefit the organisation as it undertakes future projects.</p>	<p>With the vast majority of the project now complete, CNPA should look to commence a project review, which would be finalised upon completion of the project. As a starting point this should assess:</p> <ul style="list-style-type: none"> <li>• Key success factors;</li> <li>• Areas for development;</li> <li>• Any bottlenecks in the process;</li> <li>• Whether the planning process was robust and where it required significant revision;</li> <li>• The management overview and reporting; &amp;</li> <li>• Lessons learnt that could be taken forward to streamline future project.</li> </ul>	<p>By identifying what went well and where improvements could have been made in the project, CNPA will be in a better position to manage a project of this size in the future.</p> <p>With the project not expected to be formally completed until summer 2010, insights gained from starting the review now could add value to the organisation in the intervening period.</p> <p>Knowledge gained from this project could be used to achieve increased value for money in future projects.</p>	
Management Response		Responsibility/ Deadline	Priority
<p>Already actioned and Completed. Review of the project to date submitted to Finance Committee in February 2009. Also, project closure review document completed by project team.</p>		<p>No further action required</p>	<p>Two</p>

## Section 2 - Detailed findings and recommendations (continued)

### 2.2 Intangible aims of the project

Finding	Recommendation	Rationale	
<p>The majority of the specific aims of the project, as detailed in <b>Appendix A</b>, are intangible as they are targeted at provoking an emotional response within visitors to the Park.</p> <p>We were unable to test whether these benefits had been achieved as no canvassing of visitors to the park in relation to this project has taken place.</p>	<p>CNPA should ensure that intangible benefits have been achieved.</p>	<p>The success of the project must be assessed to ensure that the project created the desired emotional responses.</p>	
Management Response		Responsibility/ Deadline	Priority
<p>Agreed. The Authority will be commissioning a visitor survey during 2009 and this will provide an opportunity, through comparison of current results with the previous survey results, to assess whether any impact is made to the outcome as a whole. Of course, it is very difficult to differentiate between the contribution made by this project as opposed to other work conducted over the period between surveys. The costs of commissioning a more specific survey would have to be carefully balanced against the potential benefit.</p>		<p>Pete Crane (to consider potential evidence of intangible benefits arising from visitor survey) / 2010</p>	<p>Two</p>

## Section 2 - Detailed findings and recommendations (continued)

### 2.3 Invitation to tender

Finding	Recommendation	Rationale	
<p>The first part of the project that involved tendering was the appointment of a consultant to scope the project, identify the resources required and develop a realistic timescale.</p> <p>Invitations to tender were sent out to five companies in January 2004, but there is no documentation that states how these companies were identified or selected as appropriate for the project. Nor are there any documents stating if any other companies were considered and the reasons for not inviting them to tender. The value of the contract awarded was £10k plus VAT.</p>	<p>When a list is being compiled of companies that are to be invited to tender for work, the reasons for selecting these companies and for excluding others should be formally documented.</p>	<p>By fully documenting the process of selection and elimination, CNPA will be able to demonstrate that it has considered contract value, the number of potentially interested parties and the cost of the project relative to the contract value.</p>	
Management Response		Responsibility/ Deadline	Priority
<p>Recommendation agreed and noted for consideration in current revisions to procurement guidance. It has been CNPA policy that contracts of this value should be awarded following invitation to tender to at least 3 companies. In this regard, the practice adopted actually exceeds minimum requirements. We have not to date required disclosure of reasons for excluding others and in this regard the practice adopted by the project was, therefore, not a breach of policy.</p>		<p>Finance Manager &amp; Head of Corporate Services / September 2009</p>	<p>Two</p>

## Section 2 - Detailed findings and recommendations (continued)

### 2.4 Tender scoring

Finding	Recommendation	Rationale	
<p>For the appointment of the consultant to scope the project, identify the resources required and develop a realistic timescale, there are notes from the interviews of the two companies who submitted tender documents.</p> <p>The summary states that despite the winning tender being higher than the other tender received, that it was clear that the winning submission had greater experience of the type of work and could therefore more accurately predict the amount of time and therefore cost of the project.</p> <p>There is however no formal scoring of either tender on file to demonstrate that CNPA sought to ensure that the contract placed, achieved the best value for money.</p>	<p>Prior to invitations to tender being issued, a tendering assessment document should be developed, and disseminated to the scoring panel.</p> <p>This would then allow CNPA to demonstrate that all tenders received were assessed equally and that a formal decision was reached in an objective manner.</p>	<p>It is not always the case that the lowest tender offers the greatest value for money.</p> <p>CNPA must however be able to demonstrate that any contract it places achieves value for money.</p> <p>The use of a pre-designed tender submission scoring document is considered a fair method of assessing the relative merit of the submitted documentation.</p>	
Management Response		Responsibility/ Deadline	Priority
<p>Recommendation noted. However, procurement practice has moved on from that in place at the time this tender was let and a formal tender scoring and assessment document is now in place and required for such tender evaluation practices.</p>		<p>No further action required.</p>	<p>Two</p>

## Section 2 - Detailed findings and recommendations (continued)

### 2.5 Financial reporting

Finding	Recommendation	Rationale	
<p>The papers presented to the Board in relation to this project have reported budgeted and estimated figures. The actual costs incurred by CNPA for this project have not been reported to the Board.</p>	<p>The actual costs incurred to date should be calculated, as well as the predicted future funding receipts and expenditure of the project.</p> <p>This should be compared to the budget and provided to the Board.</p>	<p>With a budget in excess of £1million, regular financial reporting on the actual spend to the Board would aid in identifying any areas of concern or specific cost pressures.</p>	
Management Response		Responsibility/ Deadline	Priority
<p>Agreed and actioned through the paper to Finance Committee in February 2009</p>		<p>No further action required.</p>	<p>Two</p>

## Section 3 - 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 LLP*

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*December 2008*

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## Appendix A - Aims of the entry point project

The specific aims of the entry point project were identified as follows:

- To create a strong and positive sense of arrival for people entering the Park;
- To create a feeling of people being welcome in the area;
- To create a feeling of the park being a special place for both people and nature;
- To create a sense that the area is cared for by visitors, local people and authorities;
- To create a sense of anticipation of the high quality environments and opportunities available within the Park;
- To provide visitors with the basic information they need to make the most of their visit; &
- To make visitors aware of the opportunities available to them within local communities.

## Appendix B - Background & Objectives

The development of entry point markers for the National Park was identified as an early priority for CNPA in order to provide a lasting marker of the boundaries of the Park as well as undertaking associated upgrade work at the relevant locations. The development work for this project commenced in 2003.

The overall objective of our review is to ensure that the rationale for the implementation of this project is appropriate and that there are clearly defined links between the project and the National Park and Corporate Plans.

Our specific objectives are as follows:

- There is an appropriate rationale for the implementation of the project;
- The project has clear aims and objectives which were outlined prior to approval;
- The impact of the project was appropriately assessed prior to approval;
- There is a clear link between the objectives of the project and the National Park and Corporate Plans;
- The project has been appropriately approved and funding determined with all potential sources of funding considered;
- The objectives of the project have been delivered and can be clearly demonstrated; &
- There is appropriate ongoing assessment and upwards reporting of progress against the objectives of the project.