

CAIRNGORMS NATIONAL PARK AUTHORITY

FOR DECISION

Title: INTERNAL AUDIT CONTRACT AND 2008/09 EFFICIENCY SAVINGS

Prepared by: DAVID CAMERON, HEAD OF CORPORATE SERVICES

Purpose

To request the Committee's approval to a final one year extension of the internal auditor's contract.

To invite the Committee to consider the coverage of the internal audit contract over 2008/09, in light of the Authority's requirement to identify and realise 2% (£90,000) efficiency savings over the course of the coming financial year.

Recommendation

The Committee is requested to:

- a) Approve a final one year extension to the Authority's internal audit contract with Deloitte and Touche LLP;
- b) Approve a reduction in the number of internal audit days, of 4 to 5 days, bought through that contract in 2008/09, in order to contribute to achievement of the Authority's target 2% annual efficiency savings for the year to 31 March 2008.

Executive Summary

Internal Audit Contract

At its meeting in March 2007, the Committee agreed that the internal audit contract with Deloitte should be extended for one year, with the possibility of a further, final one year extension to cover 2008/09. The Committee agreed that during this period of contract extension, the Head of Corporate Services should pursue options for the collaborative or joint procurement of internal audit services in order to realise efficiency savings.

The Head of Corporate Services has pursued a number of potential joint or collaborative approaches to procuring internal audit services during 2007/08, without to date establishing a collaborative partnership to move the procurement forward. A workshop to establish potential interest in establishing a shared service approach to internal audit procurement

and provision was held in June 2007, facilitated by Scott-Moncrieff, on behalf of the NDPB Chief Executive's Forum. The Head of Corporate Services attended this workshop, and followed up a number of leads arising from it, none of which have led to the development of a partnership for future joint procurement of internal audit at this stage.

In order to ensure that the Authority continues to have internal audit coverage for 2008/09, the Committee is therefore requested to approve the final year of the potential contract extension with Deloitte under the present contract.

Over the course of 2008/09, the Head of Corporate Services will make final efforts to establish a joint procurement partnership for internal audit, failing which a new internal audit contract will be let through a competitive tender process.

2008/09 Efficiency Savings

The Scottish Government's budget has requested all NDPBs to achieve a 2% (£90,000 in the Authority's case for 2008/09) annual efficiency saving against 2007/08 baseline expenditure levels. An action plan to achieve this has previously been approved by the Finance Committee.

One item within the savings targets for 2008/09 is the potential to realise cash savings through a relatively small reduction in internal audit coverage. The efficiency savings for 2008/09 therefore include a target of £2,000 savings from current (2007/08) internal audit costs. It is expected that this will equate broadly to around 4 or 5 internal audit days for 2008/09, and would therefore likely result in one fewer internal audit study in the year when compared with the size of previously proposed internal audit work programmes.

The Head of Corporate Services believes that this saving is achievable in the year without significantly impacting on the level of internal controls within the organisation. **It is therefore recommended that, should the Committee approve extension of the internal audit contract, the value of this contract and number of audit days should be reduced in order to realise the efficiency saving planned for this area of activity planned for 2008/09.**
