AZETS

Cairngorms National Park Authority

Internal Audit Report

Management Action Follow-up

2022/23

May 2023

Cairngorm National Park Authority

Internal Audit Report

Management Action Follow-up – 2022/23

Introduction and background

Introduction

As part of the internal audit programme we have undertaken a follow up review to provide the Audit & Risk Committee with assurance that management actions agreed in previous internal audit reports have been implemented appropriately. This report summarises the progress made by management in implementing agreed management actions.

Scope

We have reviewed all open management actions and liaised with Cairngorm National Park Authority staff to obtain an update on their implementation progress. This included management identifying actions which were no longer applicable. For recommendations graded priority 3 or above, we request evidence to validate completion of any actions marked for closure by management.

For all actions raised by the prior Internal Auditor (BDO) we have aligned their risk assessments to the Azets risk grading structure (per Appendix 3).

## Action for Audit & Risk Committee

The Committee is asked to note the progress made by management in implementing agreed management actions. The Committee is also asked to consider and approve those actions for which revised timescales have been provided by management (these are detailed at Appendix 2).

Summary of progress

The table below shows the movement in the audit actions in the period from November 2022 to May 2023:

	Number of Actions
Open actions brought forward	41
Actions complete pending evidence (not yet received)	3
Actions added to tracker	2
Total actions to follow-up	**46**
Actions closed	5
Actions superseded	6
Actions complete pending evidence	7
Open actions carried forward	**28**

Status of Actions as at May 2023

- 🟩 Complete
- 🟦 Superseded
- ⬛ Complete pending evidence
- 🟨 Partially Complete
- 🟥 Incomplete
- 🟪 Not Yet Due
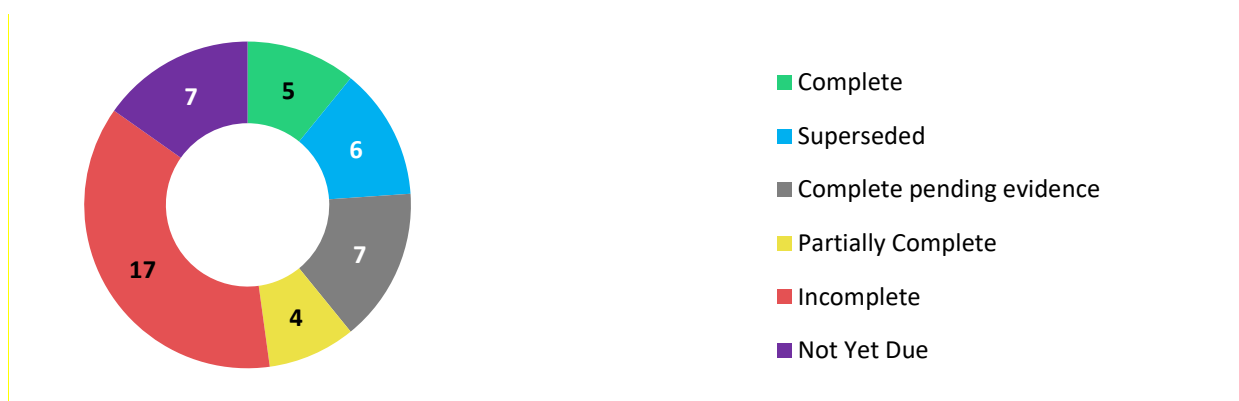
We have confirmed that five actions (11%) were competed in the period to May 2023, with a further seven complete pending the provision of evidence (15%) and six superseded (13%). Four actions (9%) have been assessed as partially complete, 17 (37%) are incomplete and seven actions (15%) were not yet due at the time of our validation work. We did not receive updates on a number of outstanding actions, in these instances the actions were assessed in line with the previous assessment made or marked as incomplete.
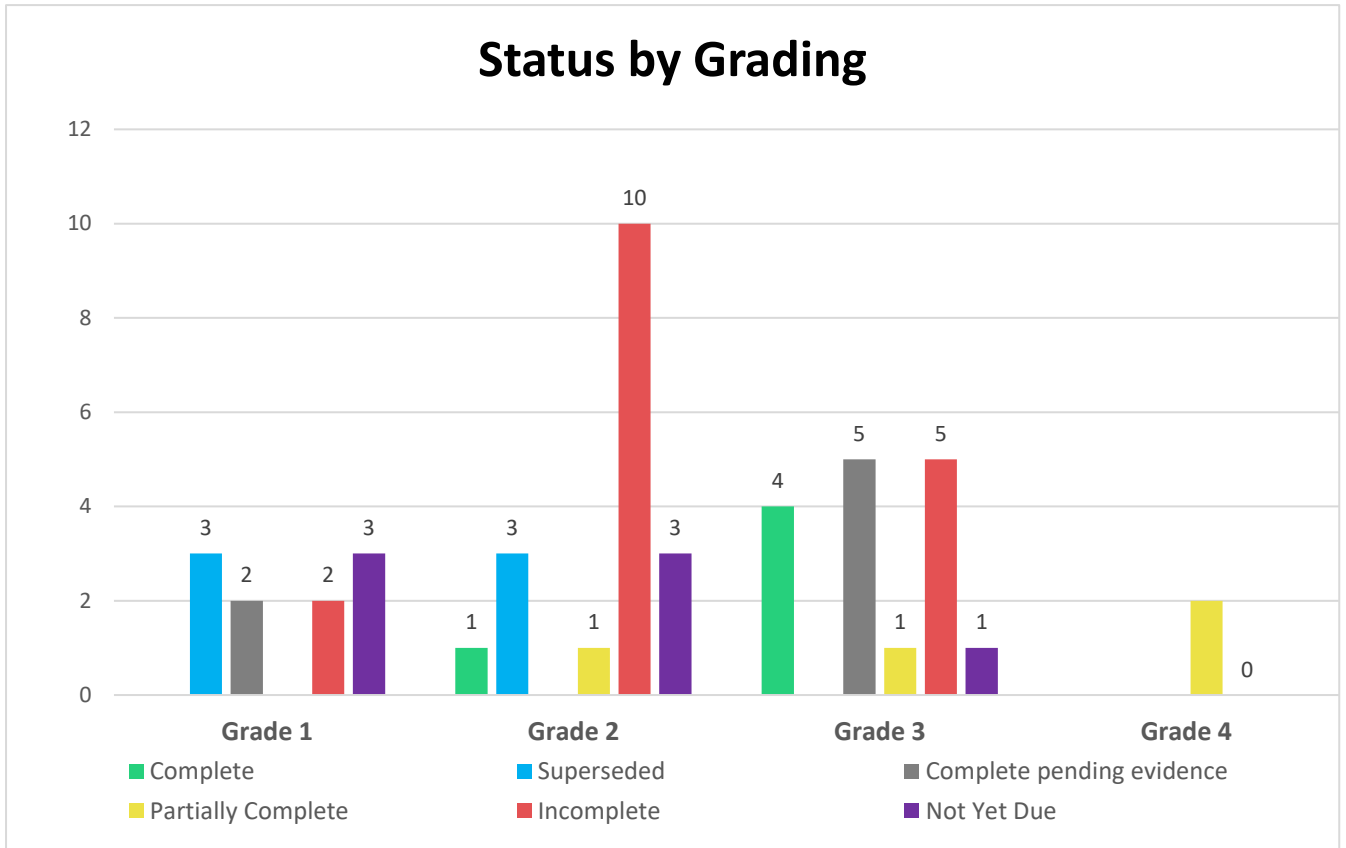
Further detail on all actions that have passed their current due dates for completion is included at Appendix 2.

We recommend that management retain a strong focus on clearing aged items in the coming months. We recommend prioritising the most aged items, dating back to 2016/17, and those that are grade 3 and grade 4.

Attention should then be paid to those remaining actions that have passed their original due date and those which will pass their due date for completion over the next period.

A summary of the status of actions by report is shown at Appendix 1.

Status by Grading

Chart: Status by Grading

Grade 1:
- Superseded: 3
- Complete pending evidence: 2
- Incomplete: 2
- Not Yet Due: 3

Grade 2:
- Complete: 1
- Superseded: 3
- Partially Complete: 1
- Incomplete: 10
- Not Yet Due: 3

Grade 3:
- Complete: 4
- Complete pending evidence: 5
- Partially Complete: 1
- Incomplete: 5
- Not Yet Due: 1

Grade 4:
- Partially Complete: 2
- (value): 0

Legend: Complete, Superseded, Complete pending evidence, Partially Complete, Incomplete, Not Yet Due

Open Internal audit actions

Of the 28 outstanding actions 21 (75%) have passed their original completion date.

13 of these actions have been assessed as a grade 1 or 2 (limited or moderate risk exposure), which although lower than in previous reports is still a high number of outstanding actions. As a result, management should take a view on whether the organisation has the appropriate resource in place to move these actions forward, or are willing to accept the risk in place, in particular for those assessed as grade 1.

Appendix 1: Action status by report

Report title	Complete	Complete Pending Evidence	NLA	Partially complete	Incomplete	Not Yet Due	Total
Financial Processes					1		1
Grant Funding & Management					1		1
2016/17 sub-total					**2**		**2**
Partnership Management			1				1
Business Continuity Planning			1			1	2
2018/19 sub-total			**2**			**1**	**3**
Payroll Administration		2					2
Risk Management						1	1
Expense Claims Process			1				1
Staff Objective Setting & Appraisal					1		1
FOISA and EIR Requests			1			1	2
2019/20 sub-total		**2**	**2**		**1**	**2**	**7**
COVID Recovery			2				2
Corporate Governance	1						1
Data Management		1			1	1	3
2020/21 sub-total	**1**	**1**	**2**		**1**	**1**	**6**
LEADER Programme					1		1

Report title	Complete	Complete Pending Evidence	NLA	Partially complete	Incomplete	Not Yet Due	Total
Financial Management and Reporting				1	1		2
Assurance Mapping of Major Projects					1		1
Cyber Security Review	1				2		3
ICT Strategy					3	1	4
Peatland Action Programme Set Up	1	4		3	1		9
2021/22 sub-total	**2**	**4**		**4**	**9**	**1**	**20**
LEADER Programme					1	1	2
Performance Management					2		2
Workforce Management and Planning	2						2
Data Management					1	1	2
2022/23 sub-total	**2**				**4**	**2**	**8**
Grand totals	**5**	**7**	**6**	**4**	**17**	**7**	**46**

Appendix 2: Summary of outstanding actions past their current due date

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
2016/17 Financial Processes	We recommend that the Finance Management schedule is updated to provide detailed policies and guidance on all financial processes. These should be reviewed on an annual basis. We also recommend that clear roles and responsibilities demonstrating segregation of duties are documented within the guidance notes for all financial processes. We recognise that management have made progress in developing the schedule and that completion of this was delayed due to the implementation of the new Sage system.	Finance Manager	Low (Grade 1)	Jun-17	Dec-22	No update provided.	**Incomplete**
2016/17 Grant Funding and Management	We recommend that the Grant Toolkit is completed, encompassing all processes in place for the awarding, recording and monitoring of grant funding. The toolkit should also clearly define the following: - Actions to be taken when grant conditions are not being met or terms and conditions are breached.	Director of Corporate Services	Medium (Grade 2)	Sep-2017	Mar-23	No update provided.	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	- The process for consideration of the risk and value of grant funding applications to determine the proportion of resource required to evaluate these; and - Review and scrutiny arrangements for progress reports provided by grantees.						
2019/20 Payroll Administration	We recommend that CNPA conduct a regular peer review of the desk instructions to ensure that they remain accurate and up to date. Evidence of the review should be seen on the instructions with version control and the date reviewed noted.	Director of Corporate Services or Head of Organisational Development	Low (Grade 1)	Apr-20	Dec-22	Completed. The desk instructions are updated each April. They have been updated twice in the last 12 months - first when we introduced the new Access payroll software and again when the new payroll officer started in May 2022.	**Complete pending evidence**
2019/20 Payroll Administration	It is our recommendation that the Authority investigate the potential for making use of automatic exception reporting. This may be within the capabilities of the current payroll system; a report would be generated of all the differences from the previous months payroll which could be reviewed and authorised.	Payroll and Finance Officer	Low (Grade 1)	Mar-20	Dec-22	The new Access Software does run an Exception Report; however, it is based on net wages, not Gross. We have set the variation for an exception at 5% of the previous month's new wages. Any change greater than 5% is produced on the Exception Report, investigated by the Payroll Officer to see if the movements are expected. The report is independently reviewed by the Management Accountant.	**Complete pending evidence**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
2019/20 Staff Objective Setting and Appraisal	We recommend that line managers are reminded of the importance of properly recording their review and approval of job plans. Random spot checks should be carried out by HR to check that job plans are in place and have been appropriately reviewed and signed off by management, including the date of sign off.	Head of Organisational Development	Low (Grade 1)	Ongoing	Mar 23	No update provided.	**Incomplete**
2020/21 Data Management	We recommend that the Authority ensure that data audits are conducted annually in line with the policy. These audits should sample various directorates to ensure that storage and management of files adhere to the Records Management Policy. Specifically, this audit should consider compliance with data retention and disposal requirements, version control requirements and access and security requirements. The output of this audit should be documented and the Head of Service for each area should be given recommended actions, as necessary. We also recommend that directorates each take ownership of their own folders and conduct more regular	Head of Organisational Development	Medium (Grade 3)	May-21	Mar 24	The appointment of our new Information Manager provides the opportunity to revisit this work. Our implementation of SharePoint is ongoing, and in due course we will set up automated retention rules to manage electronic documents. Consideration is being given to the procurement of a document management system that will reduce/ remove the need for hard copy paper records. This procurement forms part of a larger exercise to improve the efficiency of financial processes within the Authority. Request reschedule to March 2024	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	compliance checks within their own teams to ensure that their files comply with the Records Management Policy. The data owner for each file should be responsible for these checks.						
2020/21 Data Management	We recommend that once the Authority have received the feedback from their DPOaaS provider, they create a subject access request procedure, or document the process within an existing procedure if appropriate. The procedure should outline the following aspects: • Roles and responsibilities when responding to requests • Initial steps for acknowledging the request and verifying the identity of the individual • Identifying what data is within scope • How to search for data • How data should be sent to the individual • How requests will be logged and monitored by the Authority	Office Services Manager	Medium (Grade 3)	Jun-21		Updated and implemented. No further DSAR requests received.	**Complete pending evidence**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
2021/22 Assurance Mapping of Major Projects	Management should put in place a project plan for implementation of the new project management approach. This may include the use of stage plans to help with maintaining flexibility over how the overall approach develops. In addition, management should ensure that this plan includes appropriate communications to explain any jargon or specific terminology.	Governance and Reporting Manager	Medium (Grade 2)	Sep-22		No update provided.	**Incomplete**
2021/22 Cyber Security Review	We recommend that CNPA should perform a risk assessment as well as a gap analysis of the current technology, policy and business environment, to identify the key cyber security risks. In conducting that risk assessment and gap analysis, CNPA should refer to recognised leading cyber security frameworks including the Scottish Government Cyber Resilience Framework. We recommend the introduction of a cyber risk register informed by the risk assessment and gap analysis, which includes input from all relevant stakeholders. We recommend that there is a process established for the	Information Systems Manager	Medium (Grade 3)	Aug-22	Sept 23	While we are mindful of risks as part of the course of our day-to-day management of our IT resources, there has been a lack of formality in recording these risks. We are working to enhance our cyber-security rating and as part of this process we will document cyber-related risks. Request reschedule to September 2023	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	ongoing identification and management of cyber security risks. We recommend that there is regular formal reporting of the organisation's cyber security posture to appropriate governance groups. This should include information on incidents that have occurred (ideally on a summary or thematic basis to avoid the risk of weaknesses being widely publicised), actions being taken in response to incidents as well as assurance activity that has taken place, including the results of these.						
2021/22 Cyber Security Review	We recommend that CNPA establish procedures for handling cyber security events. These procedures may take the form of playbooks that specifically detail which actions should be taken in the event of a cyber-attack. We also recommend that following the development of the procedures CNPA should test the procedures to confirm that they enable an effective and efficient response to an event. We also recommend that management regularly reviews its technical cybersecurity posture. This should include	Information Systems Manager	Medium (Grade 2)	Dec-22		No update provided.	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	ongoing assessment of the adequacy of technical solutions as well as their configuration to ensure that security risk from internal and external threats is minimised.						
2021/22 Financial Management and Reporting	Management should document and communicate the financial responsibilities of staff with financial authority, ensuring that all staff formally acknowledge their responsibilities.	Finance Manager and Financial Accountant	Medium (Grade 2)	Jun-22	Mar-23	No update provided.	**Partially Complete**
2021/22 Financial Management and Reporting	Recommendation agreed. Budget Management Policy will be developed, approved and circulated to relevant staff.	Finance Manager and Financial Accountant	Medium (Grade 2)	Sep-22		No update provided.	**Incomplete**
2021/22 ICT Strategy	We recommend that annual operational plans are developed which sets out a workplan for each financial year. This should include core operational tasks associated with maintaining a functioning IT environment as well as improvement and change activities relating to delivering the IT and Data Strategy. Planning in this manner will ensure that there are appropriate financial and	Information Systems Manager and Head of Finance	Medium (Grade 3)	Jun-22	June 23	The IT operational plan will, in future, follow naturally from the ICT strategy. While we are developing this strategic direction, operational aims will be set out to provide visibility of the IT team's aims and work scheduling. Request reschedule to June 2023	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	human resources available to meet agreed IT and data priorities.						
2021/22 ICT Strategy	We recommend that management explicitly document approvals of strategies within minutes of meetings. We recommend that management establishes formal governance arrangements for the approval of updates to the strategy as well as oversight of delivery. Governance over the IT & Data Strategy should be the responsibility of an existing internal governance group	Director of Corporate Services	Medium (Grade 2)	Mar-23		No update provided.	**Incomplete**
2021/22 ICT Strategy	We recommend that the action plan within the IT and Data Strategy is updated to include action owners and delivery dates. There should be regular reporting to the SMT on the progress of the completion of actions. We recommend that when the new CNPA Corporate Plan is established a new IT and Data Strategy should be developed aligned with the corporate plan. The Strategy should also be reviewed with the approval of	Project plan = Information Systems Manager New IT Data Strategy = Director of Corporate Services	Medium (Grade 3)	Project Plan – Jun-22 Data Strategy – Sep-22	Dec 23	The Authority's strategic approach to ICT is under consideration. Initial discussions with our colleagues at Loch Lomond and the Trossachs National Park Authority (LL&T) have established a willingness from both organisations to extend the collaboration already happening; CNPA's strategic aims align with many of those expressed by LL&T. As we continue our conversation, action plans will be developed that include clear timeframes and project milestones to ensure effective delivery.	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	the Strategy by the appropriate oversight group fully documented and included within the document's version control.					Request reschedule to December 2023	
2021/22 Leader Programme	Management should ensure that feedback on CNPA internal processes is obtained and, where appropriate, fed into Scottish Government reviews on programme processes. In addition, management should develop a lessons learned action log and ensure this is monitored by a relevant person(s) within the CNPA management structure.	LEADER Programme Manager	Medium (Grade 2)	Mar-22	Apr-23	No update provided.	**Incomplete**
2021/22 Peatland Action Programme Set Up	Management should document the scheme requirements, ensuring that this is representative of the arrangements currently in place or in development, and communicate these clearly to staff.	Head of Service, Land Management, with Peatland Action Programme Managers	Medium (Grade 3)	Nov-22	Aug 23	This requirement is partially implemented. The Standard Legal Agreement needs to be completed and the Peatland action process fully documented. This should be complete by end August 2023.	**Partially Complete**
2021/22 Peatland Action Programme Set Up	Management should document the risks associated with the full-service approach and put mitigating controls in place to manage this within the risk appetite/tolerance of the CNPA Board. This should include obtaining legal advice in relation to the potential	Director of Nature and Climate Change	High (Grade 4)	Legal advice – Dec-22 Risk Map and action plan – Dec-22		This requirement is partially implemented. The Standard Legal Agreement needs to be completed.	**Partially Complete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	liabilities related to the full-service provision and award of contracts on behalf of the landowners. Roles and responsibilities of each of the parties subject to the full-service approach should be documented and communicated prior to services being provided. We recommend this is split by each step in the process, e.g. pre-application, application, project management and post project monitoring						
2021/22 Peatland Action Programme Set Up	CNPA should ensure the consistent treatment of Prior Notification costs, meaning that those should be reimbursed if incurred by CNPA and appropriately reflected in grant offer letters.	Peatland Action Programme Managers	Medium (Grade 2)	Nov-22		No update provided.	**Incomplete**
2021/22 Peatland Action Programme Set Up	Management should develop a communications strategy for the programme, including a review of the CNPA website and awareness raising activities for the Peatland Action Programme and consider how the work to identify peatland sites will inform the communication activities undertaken. Further, management should take a strategic decision on whether	Head of Land Management	Medium (Grade 3)	Apr-23		This requirement has been fully implemented.	**Complete Pending Evidence**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	an 'open call' approach will be taken in the future and fully document the capacity and processes required to fully support this approach.						
2021/22 Peatland Action Programme Set Up	Management should finalise and implement the funding criteria for application appraisals. This criteria should be signed off at a level where strategic programme decision making occurs. Where the CNPA Project Officer has completed the application or been involved in the pre-application stage of the project, the application should be assessed and approved by either the Peatland Action Programme Manager or another Project Officer to ensure segregation of duties is in place and an appropriate level of independent challenge takes place.	Peatland Action Programme Managers	Medium (Grade 3)	Mar-23		This requirement has been fully implemented.	**Complete pending evidence**
2021/22 Peatland Action Programme Set Up	CNPA should ensure that the minimum controls, processes and documentation identified below are in place and being used. Detail in report.	Head of Service with Peatland Action Managers	High (Grade 4)	Feb-22	Aug 23	This requirement has been partially implemented. Some processes still need to be documented. This work should be completed by end August 2023.	**Partially Complete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
2021/22 Peatland Action Programme Set Up	Management should implement a governance structure which is able to direct the strategic direction of the programme and provide assurance over the delivery of programme. The committees/panels/boards within this structure should have formal terms of reference which clearly outline their respective responsibilities and attendance and reporting requirements. In addition management should seek confirmation on Scottish Government reporting expectations, beyond regular and ad choc financial reports, e.g. outcomes, management of risk etc, with the documented expectations being defined per MAP 1.1.	Director of Nature and Climate Change with Head of Land Management	Medium (Grade 2)	Nov-22		This requirement is fully implemented.	**Complete Pending Evidence**
2021/22 Peatland Action Programme Set Up	Management should update the programme monitoring tools to provide sufficient information to manage the programme effectively including detailing progress with each of the stages within the core grant process for each project. Programme and action trackers used in other major projects/programmes could be used as a guide. In addition, arrangements should	Peatland Action Programme Managers	Medium (Grade 3)	Oct-22		This requirement is fully implemented.	**Complete Pending Evidence**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	be put in place to ensure relevant programme and action trackers data is included in reports to the agreed governance structure recommended in MAP 5.1. Management should also review the actions within the Peatland Action Team action tracker to ensure it is reflective of the current position and review the capacity of the Project Team and the availability of additional supporting resources to ensure that the prioritised actions are completed in an appropriate timeframe.						
2022/23 Data Management	In line with the update of policies and identification of requirements recommended in MAP 1.1, we recommend that CNPA establishes a cloud migration strategy or plan which takes into account how these requirements will be met by SharePoint and the actions required to configure the solution to do so. Planning should be established at a lower level, with actions assigned responsible and accountable individuals as well as due dates. Continuous monitoring should be applied to ensure	Deputy Chief Executive, as senior sponsor of the SharePoint Transition Project and oversight of wider organisational development work required	Medium (Grade 3)	Apr-23		No update provided.	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	work is occurring in line with the schedule with reporting to a relevant governance group.						
20232/23 Leader Programme	For other grant programmes CNPA should ensure that decisions taken which vary from standard processes are clearly documented including the approval route for the decision being made. Further, any additional risks created by the decision should be appropriately documented on the risk register or any existing, relevant, risk scores adjusted to reflect this.	Community Grants Manager	Medium (Grade 2)	Dec-22		No update provided.	**Incomplete**
2022/23 Performance Management	We support management's approach to developing a dashboard to support more frequent scrutiny and challenge by senior management. This should be implemented as soon as possible along with an agreed reporting structure, to ensure management receive sufficiently detailed updates in a timely manner.	Governance, Data and Reporting Manager	Medium (Grade 2)	Dec-22		No update provided.	**Incomplete**
2022/23 Performance Management	Whilst developing the new corporate plan, management should ensure that this is supported by a sufficient mix of	Governance, Data and Reporting Manager	Medium (Grade 2)	Mar-23		No update provided.	**Incomplete**

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update May 2023	Status
	qualitative and quantitative measures and indicators that clearly define the proposed outcome of the activities being undertaken. In addition, management should look to increase the links to the National Park Partnership Plan, streamlining measurement and reporting processes.						

Appendix 3: Audit risk categorisations

Management action grades

4	• Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.
3	• High risk exposure - absence / failure of key controls that create significant risks within the organisation.
2	• Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.
1	• Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.