



## Confidential - For discussion

**Title:** Internal audit report 2023 / 24 – Procurement  
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(Cover Paper)  
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### Purpose

This paper presents the internal audit review of the Park Authority's Procurement processes, procedures and internal controls.

### Recommendations

The Committee is asked to:

- a) Review the findings of the internal audit report.
- b) Endorse the management responses to the internal audit recommendations for improvement to controls.
- c) Review the draft programme for improvement developed by management.

### Supporting information

1. The internal auditors have completed their review of the Park Authority's processes and procedures for procurement within the organisation. This review was undertaken as part of the approved 2023 / 24 internal audit programme. The internal audit report is presented in full at Annex 1 to this paper.
2. The internal audit report identifies seven improvement actions, four of which are of the highest priority, grade four, with the remaining three actions at grade three. All recommendations have been accepted by management and responses provided in the attached report.
3. The scale of development work highlighted by this audit report has to a degree been expected. Management recognise the step change scale of procurement activity which is a consequence of organisational growth over recent years, for example accommodating the Peatland Restoration Programme and Cairngorms 2030 Programme (C2030) within the organisation. The internal audit work has been



commissioned at this point to help structure and focus the redevelopment of our procurement systems. Provision has also been made for investment in our procurement services within our workforce and budget plans for 2024 / 25, and within our C2030 bid.

4. The review indicates that the Authority's approach to procurement needs to be redesigned. In the past, procurement support has been provided remotely from Loch Lomond and the Trossachs National Park Authority (LLTNPA) through a shared service arrangement, with the LLTNPA Procurement Manager providing resource equivalent to 0.2 Full Time Equivalent (FTE). However, over the past few years, procurement activity has increased considerably, and it appears that the Park Authority cannot rely solely on this arrangement, particularly with the scale and scope of procurement required for the Cairngorms 2030 programme.
5. The report indicates deviation from best practice throughout the procurement process and recommendations include:
  - a) Review and update of strategy, policies and procedures
  - b) Training and guidance for staff
  - c) Standardisation of documentation – use of templates
  - d) Development of a contract register
  - e) Monitoring of procurement performance against Key Performance Indicators (KPIs)
  - f) Regular reporting of procurement activity
  - g) Retendering of existing contracts as appropriate
  - h) Formalisation of the control environment and authorisation processes
  - i) Formalisation of evaluation procedures
  - j) Introduction of due diligence checks on suppliers
6. These recommendations require the Park Authority to undertake a comprehensive redevelopment of procurement processes. While the report is broken down into specific recommendations, our approach needs to address procurement in its entirety, establishing strategy, process and control in order to ensure that the organisation follows best practice as set out in the stages of the Scottish Government's procurement journey.



7. The scale of the required improvement process is such that, with our current staffing, we have insufficient resource to carry it out timeously. Recognising this, we are in the process of recruiting a full time Procurement Officer, facilitated by provision incorporated into the 2024 / 25 budget and staff plans for this purpose, who will work with the LLTNPA Procurement Manager to embed the required systems and processes, while also carrying a procurement workload.
8. The Corporate Services Team has also been engaged in seeking other external procurement service support to supplement the services provided by LLTNPA and those services that may be delivered by in house staff. This work commenced around September 2023. However, it has been difficult to find capacity across Scottish Government central procurement teams or our partner organisations and we continue to seek effective and economical service support.

## Conclusions

9. There is a considerable amount of work to be done in developing, documenting and embedding procurement processes within the organisation. In house procurement expertise is essential to achieving these improvements.
10. Paper 5 covered elsewhere on the Committee's agenda sets out the actions required towards improving the Park Authority's procurement processes and controls. The target dates for actions have been developed around the likely timescale for recruitment to the new Procurement Officer post.

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