



Cairngorms National Park Authority

Follow Up Report

April 2010

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Contents

	Page
Executive summary	1
Statement of responsibility	4
Appendix A - Follow up summary	5

Executive Summary

Introduction

The purpose of this review is to follow up on the recommendations not fully implemented from 2006/07 and 2007/08 and to follow up all 2008/09 recommendations from internal audit reports to ensure action points have been implemented and are functioning as intended.

In total we were required to follow up 31 recommendations, 19 of which were rated as priority two and 12 of which were rated as priority three. The following table summarises the reports that were considered part of this follow up review:

Report	Number of recommendations to be followed up		
	Priority One	Priority Two	Priority Three
2006/07 Reports			
IT Contingency Planning	0	2	0
Server Security	0	1	0
Grant Awards	0	0	1
Risk Management	0	0	1
2007/08 Reports			
Health and Safety	0	1	1
Project Management	0	1	0
Pension Processes	0	0	2
2008/09 Reports			
Point of Entry Signage	0	5	0
Land Management Support Officers	0	3	0
Financial Controls	0	3	5
Leader Project	0	3	2
TOTAL	0	19	12

Executive Summary

Approach

The organisation operates an internal system of follow up on progress of prior year recommendations. The Head of Corporate Services reports to every Audit Committee on the progress of both internal and external recommendations. This is supplemented by our annual internal audit of recommendations that have not been followed up in the course of operational testing. Our follow up results are determined through discussions of progress to date with responsible officers for the implementation of management actions and sample testing where appropriate.

Overall Summary

A summary table has been provided below detailing the follow up status of the recommendations in each of the reviews which were followed up. Currently approximately 68% (21) of the recommendations raised have been implemented or determined as requiring no further action. 32% (10) of findings are ongoing and no recommendations remain outstanding.

Report	Implemented	Ongoing	Outstanding	No further action required	Total
IT Contingency Planning (2006/07)	0	2	0	0	2
Server Security (2006/07)	1	0	0	0	1
Grant Awards (2006/07)	0	1	0	0	1
Risk Management (2006/07)	0	1	0	0	1
Health and Safety (2007/08)	2	0	0	0	2
Project Management (2007/08)	0	1	0	0	1
Pension Processes (2007/08)	1	0	0	1	2
Point of Entry Signage (2008/09)	4	0	0	1	5
Land Management Support Officers (2008/09)	2	1	0	0	3
Financial Controls (2008/09)	6	1	0	1	8
Leader Project (2008/09)	2	3	0	0	5
TOTAL	18	10	0	3	31

Executive Summary

Overall Summary (continued)

Details of the status of recommendations by priority are documented below:

Priority	Implemented	Ongoing	Outstanding	No further action required	Total
1	0	0	0	0	0
2	13	6	0	1	20
3	5	4	0	2	11
TOTAL	18	10	0	3	31

It is noted that 18 recommendations have been implemented. Three recommendations were determined as requiring no further action by management. 10 recommendations are ongoing and as a result no recommendations are outstanding.

Recommendations which are ongoing relate to IT contingency planning (progressing with Scottish Natural Heritage), Risk Management (the link between the Risk Register and Expenditure Justifications, Grant Awards (the reconciliation of filing documentation), Project Management (files being completed and checklists completed relating to exceptions identified), Land Management Support Officers (applications for SGRPID for key stats), Financial Controls (the maintenance of the cash and cheque logbook), and LEADER (implementation of IT security standards, completion of reconciliations and clarification from SGRPID of required documentation).

In terms of progress against the 2006/07 recommendations, one has been fully implemented and four are ongoing. Progress against 2007/08 recommendations is that three recommendations have been implemented, one is ongoing and one requires no further action.

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.

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April 2010

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Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
IT Contingency Planning March 2006 (P2)	The organisation should finalise and formalise the business continuity plan at the earliest opportunity.	May 2006	In Progress	This to be prepared in light of network development now near completion in partnership with SNH. Once the network development has been completed the contingency plan will be finalised in partnership with LLTNPA .	July 2010
IT Contingency Planning March 2006 (P2)	<p>Management should implement the following key actions and controls:</p> <ol style="list-style-type: none"> 1. An overall business continuity plan is in place. 2. A series of smaller IT contingency plans are in place to support the overall plan. 3. Management have identified and maintain records of their critical systems. 4. A contingency/recovery plan is in place for each system identified as being critical. 5. A formal risk assessment process has identified all risks (likelihood and impact). 6. All significant IT risks have been added to the organisation's risk register. 7. The Management Team ratifies all contingency/ risk decisions and activities. 8. The overall continuity plan is tested on an annual basis and updated as required. 9. All testing results are reported to the Management 	June 2006	In Progress	<p>1, 2,4, 7, 8, 9, 10, 11, 13 - See update to recommendation above.</p> <p>3 – Critical systems (SAGE, HR, Planning) are backed up every 24 hours on tapes which are held off-site.</p>	Ongoing

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
IT Contingency Planning March 2006 (P2)	<p>Management should implement the following key actions and controls (cont):</p> <p>10. Each individual IT and departmental contingency plan is subject to six-monthly testing.</p> <p>11. Each department operating a critical system has communicated their expected recovery time.</p> <p>12. Each critical hardware element is fully insured against loss.</p> <p>13. Continuity plans are treated as being controlled documents</p>	June 2006	See above for details	12 – As a NDPB the CNPA doesn't buy insurance unless required by law. Instead of insuring hardware the CNPA takes warranty when available and any loss occurred is covered by the CNPA's own funds or the Scottish Government in the case of large losses.	See above for details
Server Security March 2006 (P2)	Management must ensure that there is a review of all the SekChek findings and that there are actions taken to address the issues.	September 2006	Implemented	SekChek findings have been reviewed and used to update the Risk Register. User passwords now conform to industry standards for complexity and must be changed every 25 days. IT is currently investigating encryption of data on hard-drives and USB drives. Pin pad security in buildings is also being implemented to improve physical security of servers.	N/A
Risk Management August 2006 (P3)	The Finance Manager should ensure that the use of the Risk Register is included in the guidance notes for Project Officers. Project Officers should also be made aware of the location of the Risk Register.	March 2007	In Progress	The EJV has been amended to include consideration of risk management. Section 6 of the EJV requires consideration of risks to the CNPA in funding project/activity, likelihood of such risks occurring, their potential impact, and (where appropriate) any action that would be taken to mitigate the risks. However, it does not yet make reference to alignment with the risk register.	Ongoing

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Grant Awards March 2006 (P3)	Files should be created for projects as soon as an intent to apply is established. As a result, all relevant documentation can be added to the file. All files should also be signed out of the filing room when used. Administrative staff should perform an audit each month, selecting a practical sample of files missing from the central filing room. Files should be reconciled to the file sign-out book to ensure the control is operating effectively. Any variances should be reported to management.	December 2006 and ongoing	In Progress	Guidance notes for filing procedures have been developed and posted on the intranet. The grant process has changed and almost all applications will go through the grants team who create and manage the filing process. The BSM and the HoCS are currently in discussions about beginning a review of the Leader Project which will cover filing of grants documentation.	Ongoing
Health & Safety August 2007 (P2)	CNPA must ensure that all staff complete their personal and generic risk assessments as soon as possible in order to comply with Health & Safety policy.	October 2007	Completed	HR appraisal process has been amended so that all staff must complete a personal risk assessment as part of their annual appraisal. The personal risk assessment form must be signed by both the individual and their line manager.	N/A
Health & Safety August 2007 (P3)	The appointment of a Safety Representative should be formalised and the appointment conveyed to all staff.	March 2008	Completed	The responsibility is contained within the job description of the BS Manager and displayed on safety notices throughout the building.	N/A
Project Management August 2007 (P2)	The project officer should ensure that all missing information is obtained for the file. A checklist should be retained on file, detailing the minimum number of documents required in order to maintain a satisfactory file and should be completed when each document is received.	March 2010	In Progress	This will be implemented as part of action on procurement review recommendations presented to Committee.	March 2010

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Review of Pension Processes May 2008 (P3)	A policy surrounding staff pension arrangements should be prepared and distributed to staff. This should include roles and responsibilities of HR and payroll staff, reporting and communication requirements and general guidance for new employees.	March 2009	Implemented	Now included in the staff handbook and HR and Payroll procedures are in place.	N/A
Review of Pensions Processes May 2008 (P3)	Management should ensure that details of the staff pension schemes are included in the job advertisements, as per the guidance in the Employer's Pension Guide.	Ongoing	N/A	This is not mandatory and after consideration by the new HR Manager it has been decided not to take this recommendation forward due to limited external hires and the opinion that it would be better to include pension details in application terms and conditions forms.	No further action required
Project Management Review – Point of Entry Signage December 2008 (P2)	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: <ul style="list-style-type: none"> • Key success factors; • Areas for development; • Any bottlenecks in the process; • Whether the planning process was robust and where it required significant revision; • The management overview and reporting; and • Lessons learned that could be taken forward to streamline future projects. 	Ongoing	Implemented	A review of the project to date was submitted to the Finance Committee in February 2009. The project closure document has also been completed by the project team.	N/A

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Project Management Review – Point of Entry Signage December 2008 (P2)	CNPA should ensure that intangible benefits have been achieved.	2010	No further action required	It is very difficult to differentiate between the contribution made by this project as opposed to other work conducted over the period between surveys. CNPA has commissioned a visitor survey during 2009 and this provides an opportunity, through comparison of current results with the previous survey results, to assess the benefits of the new point of entry signage. The interim findings show that the new park signs have increased visitors awareness that they are in a national park. More specific surveys will not be commissioned due to the relatively low benefit to cost ratio associated with carrying out this research.	N/A
Project Management Review – Point of Entry Signage December 2008 (P2)	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.	Ongoing	Implemented	Completed as part of the wider procurement self assessment project and the Scottish Government's procurement capability assessment. The results of these assessments have been used to create a new action plan for CNPA procurement activities. In addition to the action plan, the CNPA will now be working jointly with the LLTNPA through a single specialist procurement officer working for the two NPAs.	N/A
Project Management Review – Point of Entry Signage December 2008 (P2)	Prior to invitations to tender being issued, a tendering assessment document should be developed and disseminated to the scoring panel.	Ongoing	Implemented	Procurement practice has moved on from that in place at the time that this tender was let and a formal tender scoring and assessment document is now in place and required for such tender evaluation processes.	N/A
Project Management Review – Point of Entry Signage December 2008 (P2)	The actual costs incurred to date should be calculated, as well as the predicted future funding receipts and expenditure of the project. This should be compared to the budget and provided to the Board.	Ongoing	Implemented	Agreed and actioned through the paper to Finance Committee in February 2009.	N/A

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
<p>Project Management Review Land Support Officers December 2008 (P2)</p>	<p>CNPA should:</p> <ul style="list-style-type: none"> • Look to identify the barriers to entry that the landowners are experiencing; • Identify the most efficient method of developing information resources that can be issued to interested parties to ease the barriers to entry; • Identify the types of projects that the various land managers would be interested in participating in; • Identify the various types of projects and levels of funding that are available through the SRDP; and, • Look to match interested landowners within the park area to SRDP supported projects. 	<p>Ongoing</p>	<p>Implemented</p>	<p>This is what the LMSOs are currently doing. The first 12 months of the project focused on promotion and awareness training and was mainly reactive.</p> <p>In addition to promotion, awareness and training the LMSOs have run a support service that has had over 35 enquiries on SRDP related issues where they have discussed proposals and projects with applicants and advised as to the best way to draw up plans and how best to set them out to get through the application process.</p> <p>LMSOs are now also working on more proactive targeting, including for example catchment management and designated site options. They are compiling evidence on the barriers to entry and potential improvements to provide feedback to the SG on the implementation of the scheme. A Farmers Forum has been set up to be a platform for engaging farmers and land managers with CNPA. Almost 100 farmers crofters and other land managers have signed up as Forum members. Two main meetings have taken place so far with over 70 attendees at each event. They are also working with independent advisors and agents to encourage them to promote applications that will contribute to the National Park Plan Priorities for Action.</p>	<p>N/A</p>

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Project Management Review Land Support Officers December 2008 (P2)	<p>CNPA should continue making applications to SGRPID and also look to identify any other possible means of obtaining this information. In monitoring the success of the project in helping to deliver the National Park Plan, CNPA should:</p> <ul style="list-style-type: none"> • Obtain information on the number of applications made within the CNPA area; • Obtain information on the type and value of successful applications made within the CNPA area; and, • Have follow-up meetings with organisations or individuals who have made either successful or unsuccessful applications and assist with any other potential applications. 	End Jan 2009	Ongoing	<p>A summary of applications in the Park area is to be completed once the official figures are received by CNPA . Once CNPA get this official data they will be assess how SRDP is delivering on the Priorities for Action within the Park. CNPA will also assess the financial value coming into the area to help land managers and businesses survive as well as look at the types of projects receiving assistance.</p> <p>CNPA calculated the following overall statistics for SRDP activity in the Park Area. These figures are not available officially from SGRPID but have been obtained from Case Officers in the 3 RPAC regions:</p> <p>2008 – 69 applications, of which 57 approved (82.6% and £ 4.95m) & 12 rejected (17.4%)</p> <p>2009 – 51 applications, of which 41 approved (80.4% and £ 5.25m) & 10 rejected (19.6%)</p> <p>Overall in the 2 years 120 applications made – 98 approved (81.7%) equating to £ 10.2m SRDP funding coming into the Park area.</p>	Ongoing
Project Management Review Land Support Officers December 2008 (P2)	As part of the ongoing budgetary review process, the salaries and related project expenditure should be reallocated to specifically defined project financial codes.	December 2008	Implemented	This has now been implemented.	N/A

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Review of Financial Controls April 2009 (P2)	Management should ensure that the Financial Regulations and Procedure document is updated reflecting all changes within the organisation. The document should be reviewed twice a year in line with the review time frames set out in the document. All changes should be fully communicated to all relevant staff.	June 2009	Completed	Action taken and the FRP document is now reviewed twice a year.	N/A
Review of Financial Controls April 2009 (P2)	A cash logbook should be maintained to allow a clear audit trail for all receipts and payments. A cheque log should be maintained to detail all the cheque payments and to ensure all cheques are used in sequence. The log should provide the following information: Cheque No, Payee, Reason for payment/cancellation and authorisation. The issue regarding a cash/cheque log has been highlighted in previous audit reports.	June 2009	In Progress	Processes regarding cash management and spoilt/unused cheques have been updated in the Financial Procedures. Cash pay-in slips and corresponding invoices will be cross-referenced to allow reconciliation. A listing of cheque payments from Sage will be reviewed for unused cheques at each month end and the reasons for any spoilt cheques documented. A cheque received register has been set up. It is not thought necessary to set up a cheque payment register (Sage accounting records deemed sufficient).	Ongoing
Review of Financial Controls April 2009 (P2)	All BACS transfers should be supported by sufficient evidence and documentation on file.	June 2009	Completed	Appropriate systems designed and implemented.	N/A

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Review of Financial Controls April 2009 (P2)	To allow for efficient management of cash resources, cheques should be banked as soon as possible. The mail log should be reviewed periodically to identify instances in delays in the banking of cheques. All exceptions should be explained. The log should be updated to provide further detail of the account into which each of the cheques is to be banked.	June 2009	Completed	A new procedure of banking cheques daily where the total is material (>£1,000) has been added to financial procedures. All cheques received are kept in the safe prior to banking and the risk of misplacement is deemed low. Admin staff who update the mail log do not know which bank account cheques should be posted to and with only two bank accounts there is deemed to be no need to specify the account to be paid into.	N/A
Review of Financial Controls April 2009 (P3)	All bank reconciliations should be reviewed each month and signed off as evidence of review. Management should ensure that reconciling items highlighted by the bank reconciliation are resolved in a timely manner. Items with an age of greater than six months, which are therefore unlikely to be resolved, should be written back as appropriate.	June 2009	Completed	All bank reconciliations are reviewed and no month end is closed off without this review. Authorised bank reconciliations now on file (bank reconciliations had been approved and either not filed or approved electronically and not signed off physically). Physical evidence of electronic review of reconciliations to be kept in future as required. Normally, reconciling items highlighted in the bank reconciliations are resolved in a timely manner. Where this does not occur, the reconciling item will not be deemed material and the reason for its existence known about and waiting further action (e.g. response from a supplier).	N/A
Review of Financial Controls April 2009 (P3)	A distribution list should be prepared with a related e-mail group to ensure that all relevant stakeholders receive reports on a timely basis.	June 2009	Completed	A distribution list has been developed and will be reviewed on a regular basis.	N/A

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Review of Financial Controls April 2009 (P3)	An independent person should review all journals prior to posting to allow for segregation of duties. Each month a report of all journals posted in the period should be downloaded from the Sage system and this should be reviewed and signed off by the Finance Manager to provide assurance over the journals that have been posted.	June 2009	Completed	All journals are reviewed by the Head of Finance unless posted by the Head of Finance.	N/A
Review of Financial Controls April 2009 (P3)	<p>A standard fixed asset form should be developed which documents the disposal of all fixed assets including assets with nil book value. The form should capture the following details:</p> <ul style="list-style-type: none"> • The asset number and description; • Net book value of the asset; • Expected sale proceeds; • Details of Requestor; and, • Approval by Finance. <p>Once the asset is disposed the asset register should be updated to reflect the disposal. The Financial Regulations and Procedure document should be updated to document the disposal process.</p>	June 2009	N/A	CNPA has only disposed of two fixed assets in past two years. Head of Finance will develop a standard disposal form if deemed necessary in the future.	No further action required

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Review of Leader Project June 2009 (P2)	The project application form should be updated to include a section detailing how the project is environmentally sustainable. Where projects involve an EIA, CNPA should document the review before approving the project.	NA	Completed	The application form is a standard document issued by the SG. However, CNPA have now modified it to include a section on environmental sustainability. There is no need for the LAG to review EIA's for individual projects. Projects involving physical works will always be conditional upon appropriate consents being obtained – including planning permission and listed building consent. Any EIA will be considered in granting such consents.	N/A
Review of Leader Project June 2009 (P2)	A log of all records relevant to the SLA should be prepared and maintained by a nominated individual. CNPA should ensure that there is a documented archiving policy in place to ensure records are adequately maintained.	Aug 2009	Completed	All of the records relating to the SLA are maintained in central areas within both Cairngorms LAG paper and electronic filing systems. CNPA keep all records for the prescribed time periods. All archived records are held in boxes and their contents listed. CNPA are currently progressing an off-site archiving facility.	N/A
Review of Leader Project June 2009 (P2)	A review should be undertaken of the CNPA information systems security arrangements. This review should seek to identify the areas on non-compliance within the named standards. This should be completed with reference to the existing strategic IT agreement in place with SNH.	Nov 2009	In Progress	IT security has been reviewed as part of the transfer of IT services into SNH networks. ISO 9001 has been deemed too expensive to fully implement but the underpinning principles will be used to assess and upgrade CNPA's current IT systems.	Ongoing

Appendix A - Follow-up Summary

Review (and priority)	Recommendation	Original Deadline	Status	Update	Revised Date
Review of Leader Project June 2009 (P3)	A reconciliation should be formally completed on a monthly basis and reviewed by an appropriate member of staff.	August 2009	In Progress	Reconciliations are done on a quarterly basis to support quarterly grant claim sent to Scottish Government. Head of Finance will build a review of reconciliations into the financial support processes that are currently being refined and agreed between the LEADER and Finance teams.	March 2010
Review of Leader Project June 2009 (P3)	CNPA should ensure they are compliant with SLA instructions and checklists and should seek clarification of the required documents from the SGRPID.	September 2009	In Progress	NCPA has written to SGRPID to clarify their expectations in relation to this part of the SLA.	Ongoing