



# Cairngorms National Park Authority

## Proposed Internal Audit Plan 2010/11

April 2010

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# Executive summary

## **Introduction**

We are pleased to present our Operational Internal Audit Plan for Cairngorms National Park Authority (CNPA) for 2010/11. Over the next few pages, we will detail the process implemented to produce the draft operational plan, set out our planned Internal Audit input over the next year, and briefly summarise the scope of the audits planned for 2010/11.

Our work will be undertaken in accordance with applicable Audit Standards including, the HM Treasury Government Internal Audit Standards (GIAS).

## **Audit Needs Assessment**

As with previous years, our audit needs assessment has been informed by the following factors:

- Risk analysis informed by the CNPA Risk Register;
- Discussions with senior management;
- Previous audit plans and reports; and
- Review of legislation.

Following these considerations, we have provided a proposed 2010/11 Internal Audit plan as detailed on page 3. The timings of the reviews have yet to be decided with the Head of Corporate Services. As in prior years, the plan is flexible and will respond to changes in the risk profile of CNPA, and changing management priorities. Any changes in the content or timing of reviews and the Internal Audit plans will be communicated to the Audit Committee at the earliest opportunity.

# Audit Needs Assessment

## Sources of Data

In considering the focus of our internal audit service for the next two years we obtained information from the following sources:

- Risk analysis informed by the Risk Register;
- Discussions with senior management;
- Previous audit plans and reports; and
- Review of legislation.

## Inclusion of Risk Areas in the Strategic Plan

CNPA participated in a risk management workshop in December 2008 which reviewed the existing risk register.

The risk register is reviewed on a regular basis by the CNPA Management Team and was last updated in November 2009.

Using the risk escalation procedures within the CNPA risk management strategy, 25 risks for management action have been identified.

Some of these risks will have an impact on our work and this is once again reflected in our strategic plan for 2009/10 and 2010/11.

This process has resulted in the plans detailed on page three onwards.

We have aimed to cover the highest risk areas to the organisation whilst also maintaining adequate and effective coverage of both key financial and operational business systems.

Our financial reviews will consist of a financial controls review in addition to a Pensions and Payroll review.

We have increased our focus on operational controls and have already undertaken project management reviews on an annual basis at the request of the Audit Committee. This will continue in 2010/11. A further area of focus is to be a review of Enforcement, deferred from the 2009/10. This review will assess the use of the Enforcement Officer role to support the delivery of set planning criteria. This is a risk which features highly in the corporate risk register.

We will continue to assess the controls in place in key project and risk areas and existing key business systems, in order to provide assurance to management and the Audit Committee at the correct time.

A key part of the internal audit process is the implementation of recommendations raised during our reviews. We will continue to undertake regular follow-up testing to support the ongoing work undertaken by the Head of Corporate Services and to provide management and the Audit Committee with assurance that action is being taken in this regard.

# Draft Internal Audit Plan 2010/11

<b>Audit Area</b>	<b>Audit</b>	<b>Budget Days</b>
<b>Strategy and Planning</b>	Corporate Governance Effectiveness	7
<b>Financial Management Processes</b>	Pensions and Payroll	7
	Financial Controls	5
<b>Legal, Regulatory and Business Risk Management</b>	Project Management	5
<b>Operational Reviews</b>	Enforcement	4
<b>Follow-Up Reviews</b>	Follow Up	2
<b>Contract Management</b>	Audit Committee Planning and Attendance	5
<b>Total Input</b>		<b>35</b>

# 2010/11 Internal Audit Project Plan

Proposed Project Plan commencing 1 April 2010		
Review	Description	Days Input
<b>Corporate Governance Effectiveness</b>	We will review the strategic and operational governance structures of CNPA. This will include assessing communication channels, whether information is communicated effectively and in a timely manner and whether appropriate action planning and monitoring arrangements are in place. This review will focus on both Executive and Non-Executive staff.	<b>7 days</b>
<b>Pensions and Payroll</b>	We will review the arrangements for pensions and payroll, giving consideration to pension plans available, staff uptake and contributions. We will further assess whether the controls in place surrounding payroll are adequate and effective and that payments made to employees are completed in a timeous manner.	<b>7 days</b>
<b>Financial Controls</b>	This review will assess the financial controls in place within CNPA and will be subject to testing across the organisation. We will focus on the following areas: cash and banking, IT security, accounts payable / receivable, general ledger and financial reporting.	<b>5 days</b>
<b>Project Management</b>	Our project management reviews will assess whether there was an appropriate rationale for key projects from the outset, with clear aims and objectives which are aligned to the Corporate and Operational Plans. The review will also assess whether the rationale for the project has been delivered and whether outcomes can be clearly demonstrated.	<b>5 days</b>
<b>Enforcement</b>	Following the recent appointment of an Enforcement Officer, this review will assess the use of this role to support the delivery of set planning criteria. We will also assess the monitoring arrangements in place over delivery of objectives and outcomes of planning decisions.	<b>4 days</b>

# 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**  
**Inverness**  
**April 2010**

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