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Cairngorm National Park Authority
Review of Snowdrop HR System
Internal Audit 2006/07

February 2007
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Section 1 - Executive Summary

1.1 Introduction

This review of the Snowdrop HR System is part of our programme of operational reviews approved by the Audit Committee. We have reported by exception only where no comment is made, the results of our work indicate that the control objective was being met.

1.2 Background

As a small organisation of 12 employees, Cairngorm National Park Authority previously had little need for an HR system and held employee records on excel spreadsheets. However, as the organisation grew rapidly between 2003 and 2005 – more than tripling in size, it became apparent that appropriate software would be needed to manage its employee information.

An area of concern regarding functionality was the provision of accurate information for both internal and external reporting requirements. Even the most basic historic data was difficult to store and retrieve in the Excel format, such as salary and job history. As a non-departmental public body, the organisation has a legal duty to monitor internal and external procedures for equality in the areas of race, sex, religious belief & disability and also has a duty under the Freedom of Information Act to provide accurate information when this is requested.

The introduction of a HR software system was therefore intended to give the HR team confidence in its data, enabling it to monitor business critical information and produce relevant reports quickly, as and when they are needed.

In order to meet these requirements, Cairngorm National Park Authority purchased a two-user Evergreen (personnel) system from Snowdrop. It also installed Snowdrop Reports, containing several hundred standard reports; Snowdrop Workflow, an information tool that picks up and delivers information via e-mail and Crystal Reports, a third party reporting package that allows the production of more sophisticated reports.

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Section 1 - Executive Summary (continued)

1.3   Approach

Our approach was to consider how the organisation utilises the Snowdrop software in order to enhance the human resource management and reporting function. We tested the procedures and activities in place by reviewing the system documentation and functionality and through discussion with relevant staff and the testing of key controls.

1.4   Overall Assessment

The following table summarises the areas of our review and our overall assessment of the control environment against each objective:

Area of Control	Overall Assessment	Report Ref.
The system records and maintains accurate and complete data for all employees.	***	**2.1, 2.3**
The system records and maintains sufficient data to enable effective absence reporting.	***	**2.2**
The system produces complete and accurate information to facilitate monthly reconciliations to payroll data.	****	
The system is able to produce complete and accurate data to meet the organisation's internal and external reporting requirements.	***	**2.2**

Key:	****	Arrangements accord with good practice and are operating satisfactorily (recommendations are in respect of minor matters).
	***	Adequate arrangements are in place, but certain matters noted as requiring improvement.
	**	Arrangements in place offer scope for improvement.
	*	Inadequate level of control and unacceptable level of risk.

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Section 1 - Executive Summary (continued)

1.4   Overall Assessment (continued)

In total, we identified **three** recommendations as follows:

Description	Priority	Number
Major issues that we consider need to be brought to the attention of Management and the Audit Committee	**1**	**0**
Important issues which should be addressed by management in their areas of responsibility	**2**	**1**
Minor issues where management may wish to consider our recommendations	**3**	**2**
Key		**3**

1.5   Overall Conclusion

We can conclude that the controls in place for the management of HR information within the Cairngorm National Park Authority are adequate with certain matters noted as offering scope for improvement.

A few weaknesses exist with regard to the effective working of the HR system. We have summarised the weaknesses and issues below and further details of our findings and recommendations can be found within **Section 2** of this report.

Our key findings are as follows:

- The Snowdrop user passwords have not been changed since the system was installed in March 2005. (Ref Recommendation 2.1);

- Snowdrop has the capacity to monitor and record annual leave, but at present this is still recorded on the manual flexi sheets due to the relatively low number of staff employed by Cairngorm National Park Authority. (Ref Recommendation 2.2); and

- The Snowdrop website claims that "Evergreen can prompt line managers directly by email when an employees probation period is about to expire or when four consecutive Fridays have been taken off sick. With regard to leavers, an employee's resignation, once recorded, will start a chain reaction of prompts so that nothing is forgotten when terminating and individual's employment." This feature has not been implemented by the authority. (Ref Recommendation 2.3).

1.6   **Acknowledgements**

We would like to take the opportunity to thank all of the Cairngorm National Park Authority staff involved in assisting us in this audit. The findings and recommendations in this report were discussed with the Human Resource Manager at the conclusion of our fieldwork.

To assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

- *Priority One* - Major issues that we consider need to be brought to the attention of management and the Audit Committee,
- *Priority Two -* Important issues which should be addressed by the management in their areas of responsibility,
- *Priority Three* - Minor issues where management may wish to consider our recommendations.

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Section 2 - Detailed Findings and Recommendations

2.1   Passwords

Finding	Recommendation	Rationale	
The Snowdrop passwords have not been changed since the system was installed in March 2005. The low number of users limits the level of risk to a certain extent but best practice dictates that user passwords should be changed on a regular basis and the Snowdrop functionality does provide this facility but is not activated.	Forced Snowdrop password changes should be implemented into the system to increase system security. This should take place at least every 90 days or on the same change cycle as the network log in passwords.	If a password is not changed on a regular basis the risk of inappropriate access or system compromise is increased.	
Management Response		**Responsibility/ Deadline**	**Priority**
We believe the system is adequately protected by the Windows server software login procedures, which provides a high security password requirement, locks the computer after 10 minutes of inactivity, and requires a password change every 30 days. The Snowdrop software is only accessible if using the Windows log-in of one of the authorised users, so bearing all this in mind, it is felt that unauthorised access to the system is not a significant risk. There is a risk that synchronizing passwords would allow access to the system if anyone became aware of one of the authorised user's windows server log-ins, while forcing more regular changes to separate Snowdrop passwords may lead to passwords being written down, leading to reduced security. The Head of Corporate Services and Business Services Manager will keep IT security policies under review, and reconsider this recommendation on specific application passwords, as part of the future IT Strategy development.		Head of Corporate Services / No specific deadline for implementation at this stage.	Two

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Section 2 - Detailed Findings and Recommendations (Continued)

2.2   Annual leave

Finding	Recommendation	Rationale
Snowdrop has the capacity to monitor and record annual leave, but at present this is still recorded on the manual flexi sheets due to the relatively low number of staff employed by Cairngorm National Park Authority. The flexi-sheets are sent in to HR and sickness absence is recorded in Snowdrop for monitoring. Annual leave is monitored manually through the flexi-sheets and not entered onto Snowdrop.	The Snowdrop system data capturing functionality should be fully utilised and used for recording all types of absence. Such data should then be used for monitoring and reporting purposes should trend analysis identify any significant issues.	The system is not being used to its full potential. Trend analysis, monitoring and reporting is more time consuming when utilising manual methods.

Management Response		Responsibility/ Deadline	Priority
We do not feel that annual leave monitoring through Snowdrop can be resourced adequately at present or that the potential benefits outweigh the additional burden on the HR team. Inputting of Corporate Services annual leave was trialled for a year, but it did not provide us with particularly useful information, and we feel that on balance it created a lot of data input work, for little tangible benefit. Snowdrop have developed a "self service" system where employees have the ability to amend details within their own records and annual leave can be requested and approved on-line, however we don't feel this is required at this stage and the cost of this would outweigh the potential benefits. Currently line managers oversee annual leave among their own staff. The flexi-sheets are completed as Excel spreadsheets and these are currently used to cross-check completeness of sickness reports recorded in Snowdrop. The flexi-sheets also therefore provide a back-up check to annual leave records if required, without recourse to use of Snowdrop. At present, the additional resource either in terms of staff time and / or further investment in software for the "self service" system is not warranted purely by the reduction in business risk or improvement in the control environment. In the		Head of Corporate Services to maintain overview of business case for further resource investment in time recording and staff deployment monitoring systems / No specific deadline for implementation at this stage.	Three

future, there may be a business case for investment in "self service" if the Authority decides to introduce a more detailed staff time recording system, e.g. to record staff time involved in various aspects of National Park Plan delivery.		

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Section 2 - Detailed Findings and Recommendations (Continued)

2.3   Manager Prompts

Finding	Recommendation	Rationale	
The Snowdrop website claims that "Evergreen can prompt line managers directly by email when an employee's probation period is about to expire or when four consecutive Fridays have been taken off sick. With regard to leavers, an employee's resignation, once recorded, will start a chain reaction of prompts so that nothing is forgotten when terminating and individual's employment." This feature is not currently being utilised by Cairngorm National Park Authority.	The operation of the system should be reviewed to determine if all available functionality is being utilised.	Automating the absence, availability and termination controls would decrease the likelihood of any of the key steps being missed.	
Management Response		**Responsibility/ Deadline**	**Priority**
The implementation of this requires separate training and setting up. We have phased the implementation of the HR database to ensure that we roll it out in a logical manner. Now that we have the more basic elements working smoothly, and have a good understanding of the system, this is something we plan to implement through 2007. It is crucial that the underlying data is functioning correctly and that the system is set up to ensure that the messages sent out are accurate before an automated emailing system is put into place.		HR Manager to arrange training and implementation by Oct 07	Three

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Section 3 - 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.

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Appendix A - Personnel Interviewed

- **David Cameron – Head of Corporate Services**

- **Francesca Scott – Human Resource Manager**

- **Morag James – Corporate Services Administration Officer**