

CAIRNGORMS NATIONAL PARK AUTHORITY

FOR INFORMATION

Title: UPDATE ON INTERNAL AUDIT
RECOMMENDATIONS

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Purpose

To present an update of progress made by officers on recommendations made in previous internal audit reports.

Recommendation

The Committee is requested to note the progress made to date on previous internal audit recommendations, as summarised in the paper.

Executive Summary

This paper presents a summary of Deloitte's recommendations for improvements to the Authority's internal control systems, together with comment on progress made to date by officers.

A full follow-up review of each area will be undertaken by Deloitte as part of each year's audit activity. The update provided here is intended to complement rather than replace Deloitte's process, giving members an ongoing update on progress and hence avoiding lengthy periods elapsing between initial and follow up information.

UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

Background

1. The Head of Corporate Services indicated at a previous meeting that it was intended to include an update on previous internal audit recommendations as a standing item for the Committee's agenda. This will both act as a reminder of previous reviews undertaken and recommendations arising, and allow members to be updated on progress.
2. As indicated in the internal auditors' operational plan for 2005/06, a full follow-up review of each area will be undertaken by Deloitte as part of each year's audit activity. The update provided here is intended to complement rather than replace Deloitte's process, giving members an ongoing update on progress and hence avoiding lengthy periods elapsing between initial and follow up information.
3. Unless explicitly indicated to the contrary, these progress reports come from Authority's officers and have not been previously considered by internal audit staff.

Progress on Recommendations

4. A summary of Deloitte's recommendations for improvements to the Authority's internal control systems, together with comment on progress made to date by officers, is presented in the Annex to this paper. The Annex now includes the results of Deloitte's last four internal audit reviews, covering a total of 22 recommendations.

Future Action

5. It is intended that the recommendations made will appear on these updates to the Committee until the internal auditors have undertaken a follow up review into the area concerned.
6. Once a follow-up has been undertaken, the internal auditors will report to the Committee on findings. At this point, recommendations which have been addressed in full will be removed from the schedule. Others may be replaced by new recommendations arising from the follow up review.

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CNPA: OVERVIEW OF RECOMMENDATIONS IN INTERNAL AUDIT REPORTS

PAYROLL

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
1	2	Payroll guidance notes should be re-circulated to finance staff as soon as possible, and incorporated into the Authority's suite of Standing Financial Procedures as they are developed.	Fin Mgr to finalise Financial Regulations	March 2005	Completed. Payroll guidance notes have been prepared. They will be added as an appendix to the financial regulations, and will be reviewed following implementation of the updated SAGE payroll version 12 software.
2	2	All payment runs should be reviewed and signed by Head of Corporate Services.	HoCS		Completed. This is being carried out on a monthly basis
3	2	A regular reconciliation should be carried out between the HR staff records and the payroll records to ensure all starters are included on both systems, all leavers are removed from both systems and that any amendments recorded in the HR system are recorded accordingly in the payroll system.	HoCS		Completed. Reconciliations undertaken since December 2005.
4	2	Reports should be produced on a monthly basis through SAGE for: <ul style="list-style-type: none"> • Exceptions (e.g. all pays £100 or more over last pay); • Report on amendments for the month; • Staff Listings; • Levels of overtime; • Amount in expenses claimed each month; • Levels of absence. These should be passed to the Fin Mgr or Head of Corporate Services following the payroll run.	MJ & DP	April 2005	Completed. Staff listings and expense claims are produced and authorised each month. Exception, amendment and overtime reports produced monthly since December 05 and reconciled to Snowdrop HR system records. Levels of absence monitored through Snowdrop HR reports submitted to Staffing and Recruitment Committee (Jan 06) and Management Team (Feb 06).
5	2	Formal reports should be produced detailing levels of absence for the organisation and also by department. It is acknowledged that as no HR system is in place at present this may be difficult but this should be implemented as soon as possible to allow for effective	HoCS HR Manager	August 2005	Completed. Reports submitted to Staffing and Recruitment Committee (Jan 06) and Management Team (Feb 06).

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Item	Priority	Recommendation	Action	Deadline	Progress/Comments
		monitoring procedures with regard to HR.			
6	3	All expense claims for relocation fees and also all expenses over a value of £1,000 should be authorised by the Chief Executive or Head of Corporate Services.	HoCS		Completed. Relocation expenses are to be authorised centrally by HR Manager. Other expenses to be included in revised "limits for delegated authority" when issued.
7	3	An authorised signatory list should be created detailing staff authorised to sign off expense claims and any thresholds for authorisation.	Fin Mgr	July 2005	In Progress

FIXED ASSETS

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
8	1	Financial Regulations and procedures should be completed and circulated as soon as possible covering all areas of financial activity.	Fin Mgr to finalise Financial Regulations	March 2005	Completed and circulated. Arrangements in place to deliver training through 2006.
9	1	All assets should be added to the register individually with the following information recorded: <ul style="list-style-type: none"> • Description of the asset • Date of acquisition • Purchase Cost • Asset Life • Location • Asset Number • Disposal Date 	Fin Mgr	June 2005	Completed. All assets now entered in the register individually.
10	2	The asset register should be reviewed to ensure all assets are recorded and a physical verification carried out to ensure all relevant assets within the office are recorded accordingly.	Fin Mgr	June 2005	Complete. In addition to a fixed asset register, an inventory of furniture and equipment has been drawn up; physical verification and indexing undertaken.
11	2	All assets should be identifiable from the information contained on	Fin Mgr	June 2005	Complete.

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Item	Priority	Recommendation	Action	Deadline	Progress/Comments
		the fixed asset register. This could be via a unique asset number or through the recording of serial numbers on the register. All information from the IT register should be incorporated into the asset register, especially the information regarding the location of the assets.			All new fixed assets now identifiable. Some difficulty in attributing accurate cost to some assets acquired on transfer from Cairngorms Partnership, but these now near end of expected useful lives.
12	3	All depreciation calculations should be reviewed to ensure they are correct and any incorrect balances corrected.	Fin Mgr	June 2005	Complete.
13	3	A threshold e.g. £500 should be allocated for the capitalisation of assets. Any assets which are under this value but are considered to be fixed assets should be approved by the Head of Corporate Services prior to purchase and inclusion on the fixed asset register.	HoCS	April 2005	Complete.
14	3	A detailed review of each existing lease should be undertaken in order to determine whether they are finance or operating leases. New leases should be analysed as standard practice to determine whether they are finance or operating leases.			Complete.

CORPORATE AND OPERATIONAL PLANNING

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
15	3	The corporate and operational plans should be added to the CNPA website as soon as possible.		Sept 2005	In Progress. CNPA has been awaiting Ministerial approval for its Corporate Plan, which has only recently been received. Publication on the website prior to approval would not have been appropriate.
16	3	Board members should be involved in the brainstorming sessions with staff and also in prioritisation sessions to ensure views are fairly reflected.		May 2006	Next Corporate Planning process not due to commence until Spring 2006. Note: Full Board was involved in prioritisation of current plans through discussion paper and meeting Jan 2005.

PROJECT PLANNING

Item	Priority	Recommendation	Action	Deadline	Progress/Comments
17	2	Project Managers should ensure that progress reports on each project receiving external funding are submitted to the Board at least twice a year. Note: some issues raised with this recommendation in our Management Response	HoCS to take forward with MT.	March 2006	Overtaken. MT now working with Board on review of format of Board meetings; types of papers taken to board; frequency of meetings.
18	2	Management should ensure that performance indicators are created for all projects at their inception.	HoCS	March 2006	Actioned. A standard project action planning process has been implemented for 2005/06 year end closure and 2006/07 operational plan delivery, including a requirement to identify key performance indicators and outcomes for each activity. Considered by Finance Committee February 2006.
19	2	Management should ensure that a full project plan for the Gateway Signage project is prepared and presented to the Board prior to approval. This should be included within the project files, reviewed on a regular basis, and updated when necessary	HoVS&R	January 2006	Complete Project plan received from consultants at end of December.
20	2	All staff employed by projects should be appropriately qualified for the post. Where no evidence of relevant experience or qualifications can be provided, the reasons for employment should be documented in the recruitment file.	No further action		Complete Identified that findings arose from comparison with job descriptions which had been revised after staff took up post. Authority now has clear recruitment procedures in place.
21	2	Delegated Levels of Authority should be available to all members of staff and all purchases made in line with them.	Finance Mgr	January 2006	Actioned. Delegated levels of Authority established in Financial Regulations now issued to all staff.
22	3	If further expenditure for the Moorlands Group is approved, a Management Group should be created and should be responsible	HoSP&PM	October 2006	In Progress Report to Board planned for April 2006. Ongoing

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Item	Priority	Recommendation	Action	Deadline	Progress/Comments
		for the monitoring and reporting of progress for this project.			internal communication of situation with staff involved.