



Cairngorms National Park Authority

Internal Audit Annual Report 2010/11

May 2011

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Introduction

As Internal Auditors, our role is to provide the Audit Committee, Board and Management with independent assurance as to the adequacy and effectiveness of the systems of internal control, risk management and governance we review and to report weaknesses identified together with recommendations for improvement. We fulfil this role by performing appropriate audit work in accordance with the annual internal audit plan approved by the Audit Committee.

Management should be aware that our internal audit work is performed according to the Institute of Internal Auditors – UK and Ireland Standards and HM Treasury Government Internal Audit Standards (GIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

Similarly, the assessment gradings provided in our Internal Audit reports are not comparable with the International Standards on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

This annual report summarises the overall results of our internal audit work programme undertaken in respect of the financial year ending 31 March 2011. We have presented our Annual Internal Audit Statement on page five.

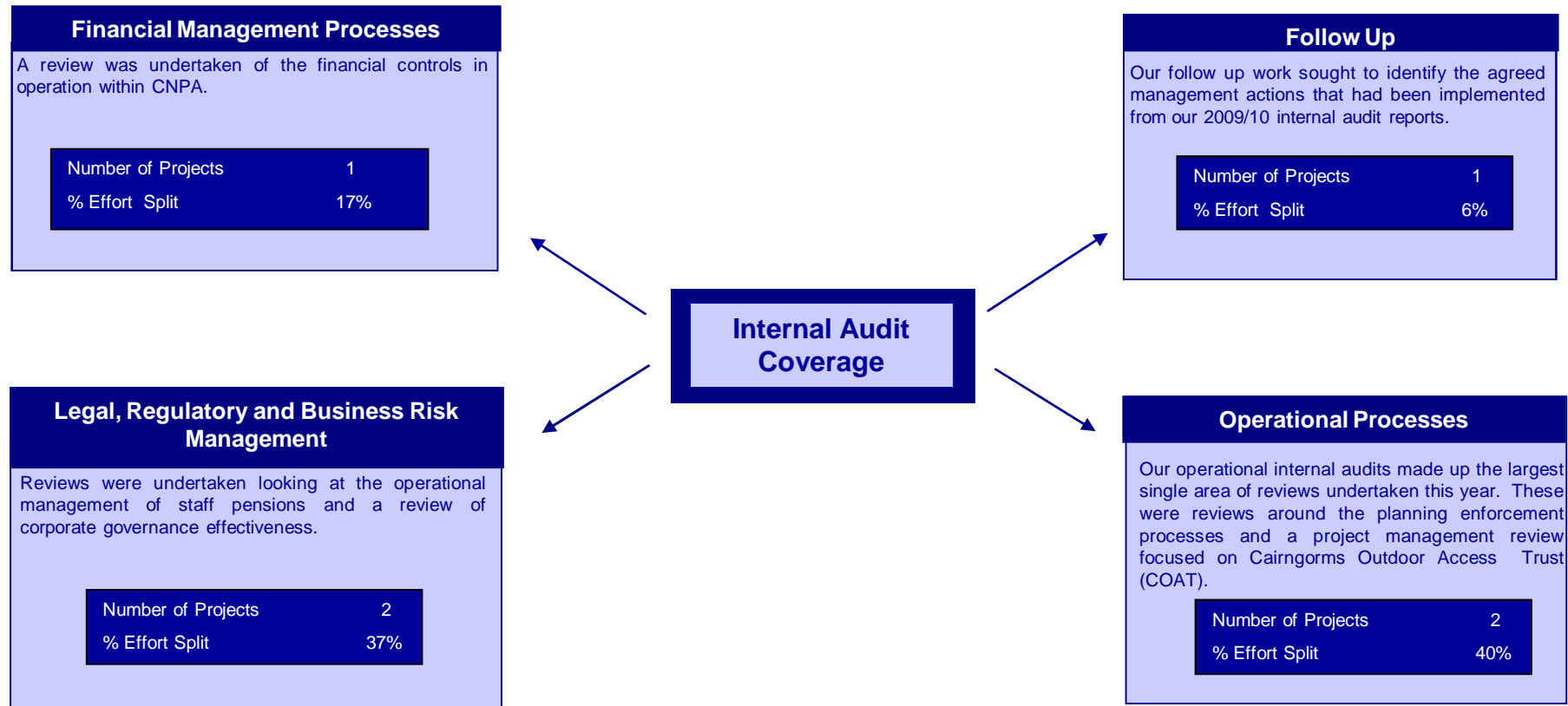
We can confirm that the agreed core internal audit plan for 2010/11 has been completed and that no very high or high issues were identified during the course of our reviews.

Our follow up work on the recommendations arising in 2009/10 is summarised on page four, with our detailed follow up included at **Appendix A**. Our follow up work had been scheduled to take place earlier in the year, but due to the availability of key CNPA staff members this was only finalised at the time this report was being drafted. It was therefore agreed that the follow up work would be appended to this review, rather than being presented as a separate report.

Executive Summary

Our work in 2010/11 included five internal audits, covering both financial and operational areas. During these internal audit reviews, we raised 14 recommendations, none of which have been categorised as very high or high.

In 2008/09 and 2009/10 many of our recommendations focused on financial and operational areas across the organisation. This trend has continued in 2010/11 with our recommendations again having a focus on both operational management control areas and financial control areas. This can be illustrated in the recommendations raised during 2010/11 in relation to our reviews of Financial Controls, Planning Enforcement, Pensions and Corporate Governance Effectiveness.



Results of Work Undertaken in 2010/11

A summary of the results of each of our projects during the year is outlined below.

Audit Area	Review	Status	Budget Days	Total Input	Number of Findings			
					Very High	High	Medium	Low
Financial Management Processes	Financial Controls	Complete	5	5	-	-	2	2
Legal, Regulatory and Business Risk Management	Pensions	Complete	4	4	-	-	1	1
	Corporate Governance Effectiveness	Complete	7	7	-	-	2	2
Operational Reviews	Planning Enforcement	Complete	4	4	-	-	1	2
	Project Management - COAT	Complete	8	8	-	-	1	-
Follow Up	Follow Up 2009/10	Complete	2	2				
Contract Management	Audit Committee Attendance, Planning	Complete	5	5				
Total			35	35	-	-	7	7

Follow Up on Prior Year Recommendations

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 Audit recommendations. This is supplemented by an annual internal audit of recommendations raised in the prior financial year.

A summary of the results of our follow up on 2009/10 recommendations is outlined below for each review, along with a table summarising the progress that was made against the assigned priorities. Of the 28 findings raised, 10 have been fully actioned or identified as requiring no further action, 17 are in progress and one is outstanding.

Report	Number of findings	Actioned / No further actions required	Work In Progress	Outstanding
Brand Management	4	-	4	-
Budgetary Control	1	1	-	-
HR Approval Process	1	1	-	-
National Park Plan Review	4	1	3	-
Planning Effectiveness Review (Development Management)	18	7	10	1
Total	28	10	17	1

Rating	Number of findings	Actioned / No further actions required	Work In Progress	Outstanding
Priority One	-	-	-	-
Priority Two	14	6	7	1
Priority Three	14	4	10	-
Total	28	10	17	1

Annual Statement to the Audit Committee

Report to the Audit Committee

As Internal Auditors, we are required to provide the Audit Committee with an Annual Internal Audit statement. Cairngorms National Park Authority and its management are responsible for ensuring that a system of control, financial and otherwise, is established and maintained. This is in order to carry on the operations of the organisation in an orderly and efficient manner, to ensure adherence to management policies, to safeguard the assets, and to secure, as far as possible, the completeness and accuracy of records. Our responsibility as internal auditors is to evaluate significant systems and processes and associated internal controls and to report to the Audit Committee on the adequacy of such controls and systems. We cannot examine the whole system of controls, financial or otherwise, nor is internal audit a substitute for management's responsibility to maintain adequate systems of internal control over financial or operational systems.

We have completed the agreed internal audit programme for 2010/11. The number and priority of the recommendations that we raised during the year are summarised on page three.

In considering our opinion on the framework of controls we have taken the following into consideration:

- the results of internal audits undertaken in the year;
- follow up action taken in respect of the previous years internal audit work (see page six); and
- our perception of the extent of 'control awareness' amongst staff.

On the basis of work undertaken in the year ended 31 March 2011 we consider that Cairngorms National Park Authority generally has an adequate framework of control over the systems we examined as summarised on pages one to three (subject to implementation of the recommendations). In providing such an opinion we would draw to your attention to our summary findings as presented in our individual reports issued throughout the year.

We take responsibility for this report, which has been prepared on the basis of the limitations set out on page 16.

Appendix A: Follow Up

The following tables show the follow up status of each report from the 2009/10 Internal Audit Plan.

	Number of findings	Actioned / No further actions required	Work In Progress	Outstanding
Brand Management				
Priority One	-	-	-	-
Priority Two	-	-	-	-
Priority Three	4	-	4	-
Total	4	-	4	-

	Number of findings	Actioned / No further actions required	Work In Progress	Outstanding
Budgetary Control				
Priority One	-	-	-	-
Priority Two	-	-	-	-
Priority Three	1	1	-	-
Total	1	1	-	-

	Number of findings	Actioned / No further actions required	Work In Progress	Outstanding
HR Approval Process				
Priority One	-	-	-	-
Priority Two	-	-	-	-
Priority Three	1	1	-	-
Total	1	1	-	-

Appendix A: Follow Up

	Number of findings	Actioned / No further actions required	Work In Progress	Outstanding
National Park Plan Review				
Priority One	-	-	-	-
Priority Two	3	-	3	-
Priority Three	1	1	-	-
Total	4	1	3	-

	Number of findings	Actioned / No further actions required	Work In Progress	Outstanding
Planning Effectiveness Review (Development Management)				
Priority One	-	-	-	-
Priority Two	11	6	4	1
Priority Three	7	1	6	-
Total	18	7	10	1

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
Brand Management							
Through discussions with the Brand Management team at CNPA, we have established that membership in various quality assurance schemes (an official requirement of the CNP Brand Use Criteria) is currently not confirmed and the team relies on the word of the applicant. The Marketing & Sustainable Tourism Officer highlighted that one of the reasons for not setting up CNPA's own quality scheme was that they do not have the resources to support this function. If the team has any concerns over the applicant's credentials, they would look into it further, although essentially it is a matter of trust.	Management should consider (depending on availability of resources) if formal confirmation of memberships can be implemented as part of the application process.	3	Recommendation noted, and recognition of context of importance of resource availability welcomed. We will review Brand Management processes in light of the internal audit findings, and also in light of emerging information on future years' resource availability.	Feb-11	Head of Corporate Services	Work In Progress	A wider review of Brand Criteria is in development, following finalisation of the CNPA staff team in early April 2011, and is planned for discussion with the Brand Management Group in Autumn 2011. All brand management recommendations will be considered within that wider review.
Currently, official criteria states that for Community / Tourist Associations the use of the brand is time limited to two years, at which time re-application must be made. Currently there are 15 Community / Tourist Associations authorised to use the CNP Brand and they have not been asked to make a formal reapplication, as the contact with these organisations is regular through other areas of work (mainly funding through Leader projects).	If Management accepts that reapplication is indeed not necessary, we would recommend that this requirement is removed from the official criteria. Otherwise, the Brand Management Team should put a mechanism in place to monitor timeframes and ensure that reapplications made on a timely basis.	3	Recommendation noted, and recognition of context of importance of resource availability welcomed. We will review Brand Management processes in light of the internal audit findings, and also in light of emerging information on future years' resource availability.	Feb-11	Head of Corporate Services	Work In Progress	A wider review of Brand Criteria is in development, following finalisation of the CNPA staff team in early April 2011, and is planned for discussion with the Brand Management Group in Autumn 2011. All brand management recommendations will be considered within that wider review.
Discussions with the Brand Management team have confirmed that evidence to support intended use of CNP Brand is not a formal requirement on the applicants and thus not always checked prior to applicant organisation implementing their use. We, however, acknowledge that the formal approval letter sent out to successful applicants does ask them to send the final mock-up demonstrating the intended use of the Brand prior to implementing it.	CNPA should formally require all applicants to provide evidence of intended use to ensure consistency of use and alignment with CNPA communication strategy.	3	Recommendation noted. We will review Brand Management processes in light of the internal audit findings, and also in light of emerging information on future years' resource availability.	Feb-11	Head of Corporate Services	Work In Progress	A wider review of Brand Criteria is in development, following finalisation of the CNPA staff team in early April 2011, and is planned for discussion with the Brand Management Group in Autumn 2011. All brand management recommendations will be considered within that wider review. Evidence is requested from applicants including drafts of the publications and designs.
Over the course of testing, it was noted that it was not possible to establish if adherence to specified criteria was checked prior to approving the application, specifically for cases that did not go through the Brand Management Group (for example, if the criteria calls for an outdoor operator 'To provide evidence of relevant National Governing Body (NGB) certification(s)/and/or AALA licence if required'). As there is no specific documentation kept on file, it is unclear whether this has been checked at the time of application approval. It was also noted, that records kept are not consistent for each applicant – whilst some cases are supported with numerous documents (copy of Environmental Policy, signed Visit Scotland Code of Conduct, intended use illustrations etc.), others have limited documentation attached.	A standard checklist should be introduced, which lists all the criteria to be adhered to and documents that are expected to be filed. This should be ticked off as completed, signed/dated at the end of the application process (when the final approval is granted) and kept as a cover sheet for set of documentation for each applicant.	3	Recommendation agreed.	Sep-10	Sustainable Economy Manager	Work In Progress	A wider review of Brand Criteria is in development, following finalisation of the CNPA staff team in early April 2011, and is planned for discussion with the Brand Management Group in Autumn 2011. All brand management recommendations will be considered within that wider review. Checklist development is underway, but not yet complete.
Budgetary Control							
We selected a sample of 10 Expenditure Justification Forms for testing to establish whether items over £10k were authorised in line with CNPA Financial Regulations. The regulations state that the procedure for approval of the requisitions is the same as for Expenditure Justification Forms (Appendix A: A guide to budgeting, procurement and expenditure management in CNPA, section 37 and table of approvals). None of the forms were authorised in accordance with the manual. We discussed this with the Head of Corporate Services who confirmed that there is no expectation of Expenditure Requisition Forms going through the same process of approval as initial justification of spend. After the relevant Committee has confirmed the spend, it is for Programme Managers to commit the funds in the way that they see fit.	The CNPA Financial Regulations manual should be updated to reflect actual practice in relation to the authorisation of requisition forms.	3	Recommendation agreed.	Jun-10	Finance Manager	Implemented	The Financial Management Framework and the Regulations for the Cairngorms National Park Authority (CNPA) were revised in June 2010. Finance regulations are to be further updated, with revisions to procedures following a joint review of procurement and finance regulations between CNPA and LL&TTNPA.

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
HR Approval Process							
<p>Though discussions with the HR Manager and review of records for the current performance appraisal cycle (mid-year), we have established that (as at 15/03/10), 20 out of 31 staff members have not submitted their mid-year appraisal documentation due in October 2009. Additionally, our targeted testing of appraisal forms (both annual and mid-year) has highlighted the following exceptions:</p> <p>From a sample of five mid-year appraisals (September/October 2009), two have been done later than the expected date (both forms signed off in January 2010);</p> <p>From a sample of five year-end appraisals (March 09), two have been done later than the expected date. For one of these, the sign off date on the form was April 2009, so although late the form was still submitted in time for the pay award. The other form was signed off in September 2009. The HR Manager has informed us that in cases like this, approval for the pay award would be chased by email by the Head of Corporate Services from relevant Line Managers before the award has to be implemented in April.</p> <p>One year-end appraisal forms was not in place. We were informed that this was due to the change over in Line Managers for the staff member in question.</p>	All staff should be reminded of timelines for completion of appraisal forms and the significance of this especially for the year-end forms.	3	Recommendation agreed and currently being implemented as part of reinforcing timetable for the March / April appraisal and pay processes.	Apr-10	Human resources Manager	Implemented	CNPA took the opportunity to reinforce the timetable and timelines for completion while going through the appraisal process in 2011.
National Park Plan Review							
<p>As per discussions with members of CNPA staff responsible for the delivery of the CNP Plan, there is a general issue across all Priorities for Action that partners are not sufficiently committed to the delivery of the CNP Plan. Partner organisations are committed to the CNP Plan at a corporate level at initiation, and this means there is an expectation they will remain committed to achieving the aims of the park plan and incorporate them into their operational plans.</p> <p>However, in practice changing circumstances and resource constraints have resulted in partner organisations not fulfilling their obligations, or pursuing the aims of the CNP Plan. The CNPA has few formal levers at its disposal to encourage partners to take specific actions or provide resources.</p>	In line with recommendations raised below it is important that the CNPA has detailed records of the expected partner actions that support the Priority for Action outcomes and activities so that Programme Managers can readily identify issues with partner commitment or completion of actions. It is also important that CNPA are able to monitor effectively the actions and expenditure of partners in relation to projects to track their activity against agreed actions. Where there are gaps or shortfalls in the activity of partners against their commitments or the expectations set out in the park plan then CNPA should discuss this at Delivery Team level, and escalated to senior management for discussion with partners' senior management as appropriate.	2	Recommendation accepted. The Authority is reviewing its approach to development of the next 5 year National Park Plan (NPP) along with colleagues at Loch Lomond and the Trossachs NPA and Scottish Government sponsor team. We aim to incorporate a more explicit set of statements at the outset of the next NPP which make clear the expected involvement of partners to the NPP in its delivery. We are also aiming to make the expected delivery by each partner clearer, to facilitate enhanced monitoring and review of participation and delivery.	Autumn 11	Director Strategic Land Use	Work In Progress	The National Park Plan is currently under review. Discussions have taken place with communities, public agencies, interest groups and users of the park. It is expected that, following consultations, it will be submitted to the Scottish Government for review and approval in October 2011. The consultation process was agreed at the Board meeting on 18 March 2011.
<p>In the course of our review, we identified that between each of the seven Priorities for Action there is inconsistency in terms of the clarity and detail with which the Delivery Team have mapped the ongoing projects and activities to the outcomes and actions within the CNP Plan. There is further inconsistency regarding the extent to which, conversely, projects are clearly mapped to the outcomes and actions within the CNP Plan.</p> <p>Whilst in some cases there is documentation of the relationship between the Priorities for Action and relevant projects, the detail and extent of this varies between Priorities for Action.</p> <p>We noted that the Strategic Planning and Policy Officer submits a report to the CNPA Board every four months that documents progress against the actions and outcomes within each Priority for Action. However, we found that information to support these updates is not consistent or clearly documented.</p>	For each Priority for Action area the relevant Programme Manager, along with Delivery Teams, should document in detail the projects and activities supporting the achievement of each specific outcome and action within each Priority for Action. This document should include details of responsibilities for CNPA and its Partners, completion timescales, and key performance indicators. Additionally, for each Project a similar schedule should be prepared that documents each relevant Project in terms of the Priority for Action outcomes and actions it supports. This should include details outlined above. An agreed standard format for these schedules should be prepared, and updated quarterly to reflect changes in the projects and activities.	2	Recommendations noted. We will reviewing our monitoring arrangements once the new NPP is reaching the concluding stages of consultation in order to determine the most appropriate monitoring arrangements given the likely final content of the Plan. We are aware that delivery teams have evolved differently across priorities for action. While that appears to have adequately supported partner relationships over the first NPP period we will review our overall NPP delivery and engagement approach as part of an ongoing review of stakeholder relationships.	Autumn 11	Directors of Strategic Land Use and Communications	Work In Progress	The National Park Plan is currently under review. Discussions have taken place with communities, public agencies, interest groups and users of the park. It is expected that, following consultations, it will be submitted to the Scottish Government for review and approval in October 2011. The consultation process was agreed at the Board meeting on 18 March 2011.

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
<p>There are a significant number of Projects of varying scale in terms of financial and organisational commitments of CNPA and its partner organisations. However, we noted that there is no standard methodology employed by CNPA for setting up and monitoring the progress of projects.</p> <p>In instances where CNPA and its partner organisations are required to commit financially, or where the project is large in scale then CNPA track the progress of the project in detail and set out the rationale for the project's activities. In some cases partner organisations are required to provide evidence, such as financial information, of their actions in relation to the project.</p> <p>However, in other instances there is a relative lack of such documentation to establish the key aims and intended outcomes of the project, to consolidate the project's progress against its initial aims, and to track the contribution of the CNPAs partners.</p>	<p>CNPA should introduce a standard methodology to form the basis of the establishment and management of all projects that contribute to the completion of the CNP Plan. The responsible Programme Manager should set out a summary rationale for each project that documents the overall objectives of the project, the expected timescale of the project, and the financial commitments required from CNPA and partners. We acknowledge that CNPA currently has established processes in place for the approval and monitoring of expenditure, however, it is recommended that processes are introduced to standardise and formalise overall project management. In addition, the activities required for the achievement of projects aims should be set out with responsible parties, expected timescales and estimated costs. CNPA Programme Managers should use this information to monitor the progress of the project. Although the level of detail and complexity of this will vary from project to project, all projects should follow this framework. In particular, actions expected from partner organisations should be documented and followed up on. Where partners have not fulfilled their commitments this should be highlighted and discussed with the relevant Delivery Team.</p>	2	<p>The Authority is reviewing its internal project management and financial control procedures to ensure that these remain fit for purpose. There is however an issue that it is not considered appropriate for the Authority to impose specific arrangements on its delivery partners. Partner representatives must remain free to operate within the parameters set by their own organisations, and we must ensure that the NPP delivery process does not become overly bureaucratic. Therefore, while it is appropriate for CNPA Programme Managers to maintain oversight of delivery and monitor progress in a uniform manner, we may need to draw this information from a variety of partner documentation.</p>	Mar-11	Director of Corporate Services	Work In Progress	<p>Internal project management and financial procedures are under review; including the expenditure justification form. Internal training package for Project Managers are to be delivered in April 2011. A Database Support Officer post has now been added. It is expected that this individual will provide some project planning support to Project Managers.</p>
<p>The CNP Plan sets out outcomes and actions against each Priority for Action. However, they are inconsistent in terms of their complexity, whether they are tangible, and how measurable they are. This means that in particular areas it is difficult to assess the progress against the park plan.</p>	<p>Where outcomes and actions within each Priority for Action do not constitute robust or Specific, Measurable, Achievable, Relevant and Timely (SMART) objectives relevant CNPA members of staff should clearly document this issue, and set up 'proxy' or replacement actions or outcomes to help guide activities within the relevant Priority for Action. These proxies should be discussed and agreed with the relevant Delivery Team, and internally with the Programme Team, and they can then be used to help measure the progress versus the aims of the CNP Plan.</p>	3	<p>I am not convinced that there is merit in "forcing" SMART targets, even if these are proxy targets, on every action or outcome within the NPP. As the finding states, there is great variation in the complexity and nature of the targets. That said, I do agree with the spirit of the recommendation that the Authority should seek as far as possible to be able to report around "concrete" targets and key performance indicators, using proxy indicators to support this as required. We do this for the Corporate Plan delivery, while accepting that we will focus on a small set of indicators rather than seeking a proxy indicator for each and every corporate plan outcome. We will consider the monitoring framework for the new NPP 2012 – 2017 with this recommendation in mind.</p>	<p>No further action re NPP 2008 – 2012. Consider for NPP2 / January 2012.</p>	Director Strategic Land Use	Implemented	<p>No further action required.</p> <p>The National Park Plan is currently under review. Discussions have taken place with communities, public agencies, interest groups and users of the park. It is expected that, following consultations, it will be submitted to the Scottish Government for review and approval in October 2011. The consultation process was agreed at the Board meeting on 18 March 2011.</p>

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
Planning Effectiveness Review (Development Management)							
<p>CNPA is unique in that it does not handle all planning applications relevant to the Park area. The Designation Order set by the Scottish Government allows CNPA to call-in those applications which are significant in respect of the nationally set aims of the National Park. The Designation Order is also unclear on the powers of the delegation from Committee to officers or sub-committees.</p> <p>As a result, all planning applications are considered by the Planning Committee for a decision on whether or not these should be called in and determined by CNPA. These meetings require to be held on a fortnightly basis to meet the 21 day deadline.</p> <p>We acknowledge that there is a significant amount of work required to prepare call-in reports.</p> <p>The Designation Order is currently being redrafted with a revised version expected in September 2010.</p>	<p>In light of the revised Designation Order which will allow for delegation of some planning functions, CNPA should consider using a smaller Committee of members for call-in decisions.</p> <p>It is acknowledged that this would involve careful consideration of the membership, particularly for ministerial appointments.</p>	2	<p>Already under active consideration. Paper to Board on 15 October 2010 with proposals for new call-in arrangements based on fewer members, and more use of electronic communications without need for face to face meetings.</p>	Oct-10	Chief Executive	Implemented	<p>The Planning Committee made the decision not to delegate responsibility for call-ins. An electronic call-in meeting has been implemented which consists of the full Board. This takes place fortnight with papers made available on the CNPA website from the Wednesday before a meeting. Call in presentations and decisions remain available for public viewing after each meeting has concluded.</p>
<p>CNPA currently call-in applications which are deemed significant in terms of the aims of the Park. All applications which are not relevant are returned to the Local Authority for determination.</p> <p>CNPA receives approximately 480 applications per year and on average 15% of applicants are called in, however, we do acknowledge that the call-in percentage has been reducing in recent years.</p> <p>Although CNPA are in a position where they can control the applications that they handle, they are in a unique position in terms of their status as a planning authority and this is not consistent with the other National Park in Scotland.</p> <p>Feedback from the Councils has indicated that the management of all applications for the Park area would be a preferable solution.</p>	<p>Although we acknowledge that handling of all applications to the Park area would increase the workload of the Planning team, CNPA should consider the viability of managing all applications relating to the Park area.</p> <p>This is an issue that all organisations and officers within CNPA are aware of.</p> <p>We suggest that the Scottish Government considers this during the second phase of the Strategic Review.</p>	2	<p>This is a matter for the SG and was left to stage 2 of the Strategic Review of NPs which remains on hold. There are many opinions on whether the CNPA should be a full planning authority, but little hard evidence. An evidence-based decision will only be feasible once the CNP's Local Plan has been in place for at least 3 years, with monitoring of determinations revealing the levels of consistency of decision making. Suggest therefore that the issue is best returned to in 2013/14.</p>	N/A	N/A	Work In Progress	<p>This recommendation is not within the remit of CNPA, being a decision for the Scottish Government. A national study of planning is being undertaken by Audit Scotland at present.</p>
<p>As per the Designation Order set by the Scottish Government, the CNPA Planning Committee has 25 members, all of which are members of the Board.</p> <p>We do acknowledge that as a result of the Strategic Review, the number of Board members will be reduced to 19 in October 2010.</p> <p>However, Planning Committee meetings are held on a fortnightly basis and the majority of members attend which increases travel costs and the demands on members to attend.</p> <p>Due to the number of people in attendance, we did note that there can often be duplication in the discussion outcomes and points raised and the length of the meetings can be significantly longer than expected.</p>	<p>CNPA should review the number of members of the Planning Committee. We acknowledge that all members were placed on the Planning Committee as a result of the original Designation Order, however the revision of the Designation Order may be an opportunity to streamline the process. All other Planning Committees reviewed have an average membership of 12, although we do realise that these authorities also have delegated planning powers. As part of the review, CNPA should liaise with LL&T in terms of structure and membership. Their Planning Committee consists of 12 members. The impact of any changes should be reflected in the role and remit of the Committee.</p>	2	<p>In hand. Being considered as part of Service Improvement Plan (SIP) being brought to Management Team, and then to Board on 17 September.</p>	Oct-10	Director Sustainable Rural Development with Head of Development Management	Implemented	<p>No further action required. The CNPA Board meeting on 15th October 2010 reviewed a paper discussing operating arrangements for the Planning Committee. At this meeting it was decided to continue with the current Planning Committee structure. Planning Committee membership stands at 19 members.</p>

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
During our review of Planning Committee meetings and through discussions with staff, we noted that there is no formal mechanism to monitor and report on delays in determinations to the management team or to the Planning Committee.	CNPA should consider the development of a report which documents all current applications demonstrating date of receipt and current status. This should be reported to the senior management team on a regular basis and if deemed appropriate, to the Planning Committee. Any delays in determination should be highlighted and explained within the report.	2	Agreed. Being addressed through SIP. Management Team now has standing item on its agenda on Development Management caseload which would be supported by the recommended report.	Oct-10	Director Sustainable Rural Development with Head of Development Management	Implemented	A report has been developed which is presented to the Management Team on a monthly basis. This reports contains a listing of all current applications and allows the Management Team to monitor the process, including identification of any delayed applications.
Our analysis aimed to provide an assessment of the average caseload per planning officer for the National Park and a sample of Local Authorities which cover the CNPA area in order to establish whether resource was currently placed in the correct areas. Due to differing structures in organisations, availability of information and different planning powers, it was difficult to come to a consistent approach in terms of average caseload. During discussions with CNPA officers, there did not appear to be a structured process in place for allocation of work to planning officers which did result in some officers having a higher caseload than others.	CNPA should ensure that a caseload management system is implemented. Management may wish to liaise with other authorities to identify the arrangements in place.	2	Accepted. Being addressed through SIP.	Mar-11	Director Sustainable Rural Development with Head of Development Management	Work In Progress	Caseloads of individual Planning Officers are regularly reviewed by the Planning Manager. Caseloads of planning officers are also listed in development activity reports to management team meetings. This process will be enhanced by the implementation of ePlanning due April 11.
CNPA has a number of documents in place in relation to planning, as follows: - Standing Orders; - Protocol with Local Authorities; - Public Planning Information; and - Commenting Policy. We have noted that all of these documents are scheduled for review, however, this has not yet been undertaken. We also noted that the process of commenting is not referred to in the protocol document which is the point of reference for Local Authorities.	All documentation should be reviewed and updated. We recognise that as a result of the implementation of a number of our recommendations and a number of forthcoming changes through Scottish Government, processes may change and this will influence the current content of the policies. Commenting should also be referred to within the protocol document. The revision of documentation should provide an opportunity to review that of Local Authorities and LL&T in order to identify any areas for inclusion and where appropriate, adoption of best practice.	2	Accepted. Being addressed through SIP. Revised Standing Orders to be brought to Board on 15 October. Public information leaflet has been updated, but publication help up by capacity constraints (because of Local Plan and supplementary guidance taking priority). Protocol due for revision in light of Park extension.	Mar-11	Director Sustainable Rural Development with Head of Development Management	Work In Progress	The Standing Orders for the Planning Committee were reviewed at the CNPA Board meeting on 15th October 2010. The necessity for the review and publication of other Planning Protocols and procedures was again identified in the Internal Audit of Planning Enforcement 2010/11.
Application fees are set at a standard 50/50 split between CNPA and the Local Authorities. The only exception is for major planning applications where depending on the level of input required, the split of fees may be negotiated. CNPA invoices the Local Authorities on an annual basis at the end of each calendar year.	The frequency of billing for application fees should be reviewed. Consideration should be given to invoicing Local Authorities (as a minimum Highland Council) on a quarterly basis. As highlighted in recommendation 2.2, if CNPA were to consider all planning applications relating to the Park area, this would result in the organisation retaining 100% of the fees.	2	Agree recommendation around increased frequency of billing – we will aim to bill between 2 and 3 times each year to balance cash flow improvement against additional resource costs of increased billing. While consideration of all applications would effectively double planning fees received, it should be noted that the costs of planning service delivery far outweigh the fee income received. Any move toward full planning powers should not, therefore, be viewed as a potential for increased overall resources for the Authority.	Oct-10	Finance Manager	Outstanding	Management response 'We have tried to bill more regularly for planning fees. However, this is currently governed by our protocol agreement on planning with the local authorities, and that agreement states that planning fee income will be paid annually following the end of each financial year. The Authority is in the midst of discussions on necessary changes to the planning protocol and fee income – both percentage of fees and timing of receipt is part of that. Until we get agreement on changes, we are stuck with the current position.'

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
<p>Our testing in this area extended to review of Planning Committee minutes and papers for a sample of 45 meetings and attendance at two Planning Committee meetings.</p> <p>We noted the following:</p> <ul style="list-style-type: none"> - Five cases were identified where the minutes of the meeting could not be located on the CNPA website; - One case was identified where the call-in report could not be located on the CNPA website; - At the Planning Committee meetings attended, there was a degree of duplication in the discussion and both meetings overran significantly. 	All papers and minutes should be posted on the CNPA website to ensure all members of the public have appropriate access to the information.	2	Accepted. Website posting to be addressed through SIP. Operation of planning Committee meetings to be addressed through the opportunity provided by training for new members on 7 October, together with plans for more regular training/development sessions throughout the year.	Mar-11	Director Sustainable Rural Development with Head of Development Management	Implemented	Papers relating to Planning Committee meetings are now available via the CNPA website. The proposed training session took place as indicated in the management response.
<p>Our testing in this area extended to review of Planning Committee minutes and papers for a sample of 45 meetings and attendance at two Planning Committee meetings.</p> <p>We noted that from 64 applications which were presented for discussion, 10 were deferred for decision.</p>	We acknowledge that in some cases, deferrals may be required, however, where this is due to applications which are not appropriately prepared, consideration should be given as to whether these should be rejected. The level of discussion for deferrals is significant; however, this could be a result of the number of members in attendance.	2	Consideration to be given to establishing some guidelines / improved understanding for members on when deferral or refusal may be most appropriate course of action.	Mar-11	Director Sustainable Rural Development with Head of Development Management	Implemented	The Senior Management team have increased involvement in the planning process with listings of open planning applications regularly reviewed at Management Meetings. The Management Team then drives the applications being taken to the Planning Committee.
<p>As part of our review of planning effectiveness, we analysed the Planning Committee reports, which are created on a fortnightly basis.</p> <p>The papers are extremely comprehensive and contain a significant amount of detail and we acknowledge that these often require to be produced at very short notice due to frequency of meetings and targets for distribution of papers.</p> <p>However, there can be a lack of clarity in terms of the relationship between the application and the strategic aims of the Park which is ultimately the deciding factor for call-in.</p>	The length and format of Planning Committee papers for full applications should be reviewed. The papers of other organisations should be reviewed and areas of best practice adopted. The review of reports would provide an opportunity to develop a consistent approach to reporting with LL&T.	2	Accepted. To be addressed through SIP.	Jan-11	Director Sustainable Rural Development with Head of Development Management	Implemented	The length and format of planning papers has been reviewed and revised with clear links between applications and the aims of the park now included in the papers. These papers are available via the website. The length and format of the papers will continue to be reviewed on an ongoing basis.
<p>CNPA developed a protocol in 2003 with the four Local Authorities (Aberdeenshire, Angus, Highland and Moray) around the exercise of development control functions in relation to CNPA. The key purpose of the protocol is to meet the aims of the National Park. It covers the following areas:</p> <ul style="list-style-type: none"> - Planning Application Procedures; - Enforcement; - Criteria for call in; - Planning Policy Framework; - Liaison procedures; and - Review. <p>Although there is no evidence of review on the protocol document, we have been advised that the last known review date was August 2009.</p>	The protocol should be reviewed following the restructure of the planning department and the implementation of a number of our recommendations. This should be considered in conjunction with the Local Authorities and should receive their input particularly around notification, consultations and liaison. The protocol document should contain signed agreement from all local authorities to demonstrate agreement with the objectives set out in the document.	2	Agree recommendation. Protocol also requires to be reviewed to incorporate Perth and Kinross Council. Some extension to deadline to complete this work allowed in order to give time for implementation of other recommendations as suggested.	Jun-11	Director Sustainable Rural Development with Head of Development Management	Work In Progress	As evidenced in the Planning Enforcement internal audit report, the protocol has yet to be updated. This was accepted in the report and now has an implementation date of November 2011.

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
Discussions with both Aberdeenshire Council and Highland Council highlighted a number of weaknesses in the current planning process. One of these related to the potential duplication of work. Due to tight timescales for all Planning authorities and the time taken to call-in an application, the Councils may undertake preparatory work in order to anticipate the application being returned to them for decision. However, this does duplicate the work that requires to be undertaken by CNPA in order to make a call-in decision. We were unable to quantify the extent to which this occurs, as this is not measured by either Council.	Within the protocol document (which sets out the expectations of all parties), there should be clear criteria for the decision to call an application in. Both Councils should be aware of this and as a result be able to anticipate whether they expect an application to be called in or not. The extent to which duplication occurs should be monitored by the Councils and this should be a subject of discussion at communications meetings. Consideration should also be given to the extent to which the ePlanning facility will reduce this.	3	Discussions will be held with local authorities to determine the extent to which duplication does occur as part of discussions around review of the protocol. In practice, however, it may be impractical to establish clear criteria for call in as this effectively is the role of the Planning Committee call-in function. Decisions are often fairly delicately balances around the significance of applications and their potential impact on the National Park and clear criteria may not be capable of being determined in practice.	June 2011 [to determine whether any further action is required.]	Director Sustainable Rural Development with Head of Development Management	Work In Progress	Responsibilities of Local Authorities and CNPA will be clearly defined in the revised Protocol. Discussions ongoing with the Local Authorities.
From August 2009, there was a change in the Planning Regulations which affected all planning authorities. The key changes were that a hierarchy of developments was introduced with new targeted timescales for completion. Pre-application consultation was also introduced for major and national developments. Neighbour notification was also introduced whereby the authority is required to inform neighbours of any amendments to applications. This is no longer the responsibility of the applicant. The timescales for planning appeals was also reduced and Local Review Bodies were created to deal with appeals. All of these changes have an impact on the way that authorities operate. Our discussions with CNPA, LL&T and the Local Authorities did not indicate that any organisation had a strategy to manage these changes and there did not appear to be a group created prior to implementation in order to address this in a consistent manner.	Although the changes in regulation have been in place for some time now, there is an opportunity to consider how some of the requirements are addressed. The implication of these changes could form part of the discussion at the Communications meetings	3	Agreed need for more formally documented strategic approach to these issues, while noting that a paper has previously been presented to Planning Committee which sets out the various impacts of the Planning Regulations for the Authority.	Jun-11	Director Sustainable Rural Development with Head of Development Management /	Work In Progress	Work is ongoing to determine the impact of the new planning regulations on Local Authorities and CNPA. Discussions ongoing between the groups and work ongoing through Protocol development.
Discussions with CNPA and LL&T staff highlighted that both parties are keen to continue to develop a relationship and work collaboratively to develop planning within the National Parks. We are aware that the Head of Corporate Services for CNPA is seconded to LL&T on a part-time basis and the contacts and relationships have already been developed. He is currently acting as the independent advisor to the LL&T Local Review Body within their Planning scheme. It is also noted that CNPA will utilise the ePlanning facility already in place at LL&T. However, both parties still continue to have separate policies, procedures and protocols.	We have already recommended that Standing Orders and procedures are reviewed and updated, however this should be undertaken in conjunction with LL&T and where possible, consolidated policies and procedures developed. However we do acknowledge that the potential for full integration of policies may be limited by differing structures required by call-in arrangements. Regular meetings should be organised between Planning Officers at both parties in order to ensure consistency of approach and identification of areas of best practice.	3	Accepted. Joint meeting of both NPA Management Teams held twice a year – planning issues already highlighted as an area needing a joint approach. A formal schedule of work will be established within that joint management team framework.	Oct-10	Director Sustainable Rural Development with Head of Development Management	Implemented	Regular meetings are ongoing between the planning teams in CNPA and LL&T as part of the implementation of ePlanning. CNPA and LL&T now hold twice yearly joint management meetings with the next one due to take place in April 2011.

Appendix A: Follow Up

Finding	Recommendation	Priority	Management Comment	Implementation Date	Responsible Officer	Status	Update as at April 2011
Discussions with CNPA and Aberdeenshire and Highland Councils highlighted that there are communication meetings held on a fairly regular basis, however, these are at a high level, for example, Heads of Planning meetings. There is no consistent and formalised approach to meetings of Planning Officers between CNPA and the Local Authorities and we also noted that neither party has attended the other's Planning Committee meetings. The Local Authorities highlighted a number of administrative issues that they felt warranted discussion, however there is no mechanism to be able to discuss this at Planning Officer level. Highland Council raised a number of points which warrant discussion such as: - The Local Authority reference number is not included on correspondence from CNPA and as a result increases the time taken to find the original record; - The implication of neighbour notification rules and who undertakes this role; - Distribution of Planning Committee papers; and - Attendance at Forum for Delivery of Housing.	Regular meetings should be held with Local Authorities (quarterly) in order to discuss progress, any significant cases and any administrative areas which require discussion. If possible, a representative of CNPA should try to attend at least one Planning Committee meeting per year of the Local Authorities. The Local Authorities should be encouraged to do the same. CNPA should include the Local Authority reference number on correspondence in future.	3	Accepted. Use potential to use SIP to address these and other mechanisms required to ensure better and more structured collaboration with partners.	Jun-11	Director Sustainable Rural Development with Head of Development Management	Work In Progress	Discussions ongoing between the Local Authority, LLTNP and CNPA groups and work ongoing through Protocol development.
CNPA do not have any mechanism in place to obtain, monitor and action customer feedback. This is not unique to CNPA and through our discussions with LL&T and other Local Authorities, we identified that no other organisation has this system in place.	CNPA, in liaison with the other applicable planning authorities, should develop and distribute a customer service feedback form. This should be distributed to customers when identifying applications have been determined. This could be in the format of a paper document or an online questionnaire. The results of this could inform part of the discussion at the Communications Meetings with other planning authorities.	3	Recommendation accepted. Overall means of accessing customer feedback to be considered by Communications and Engagement Team.	Jun-11	Director Communications and Engagement	Work In Progress	Background work is progressing. Investigation ongoing to determine if customer feedback is/can be built into the ePlanning system. Also looking to build in a customer feedback section within the website.
CNPA currently operates an access database where all planning records for applications have been recorded since 2003. Although this currently works for the requirements of the organisation, this is not consistent with other local authorities or LL&T who use the Uniform system.	CNPA should consider the implementation of a planning management system such as Uniform which is consistent with other planning authorities and allows for more effective reporting on planning performance. If possible, CNPA should explore the possibility of joining the current operation of LL&T.	3	Recommendation accepted. Planning management systems should be implemented as an element of the proposed joint working initiative with Loch Lomond and the Trossachs National Park Authority on establishing e-Planning systems.	Mar-11	Corporate Services Director with Head of Development Management	Work In Progress	ePlanning system implementation being actively pursued with LLTNP. Some delay in implementation is likely (April/May 11). CNPA currently funding a full time post at LLTNP to support the development and implementation work required by ePlanning.
We obtained copies of the national planning statistics. During our review of this information, we did note that the data reported was inaccurate as one line of figures was missing. We were unable to identify the information for all planning authorities and as a result our information represents the nationally reported figures. Although the planning statistics are helpful, they refer to turnaround times and the number of applications received per year. They do not refer to average caseload per officer, applications per area of each Authority or any other benchmarking information.	CNPA should use the existing relationships in place with LL&T and the Local Authorities in order to share information in terms of their own planning statistics, caseloads etc. This should form part of the Communications meetings held with Local Authorities.	3	Recommendation accepted – the Authority will seek to establish and monitor statistics around officer caseloads and other appropriate service management performance indicators.	Jun-11	Director Sustainable Rural Development with Head of Development Management	Work In Progress	Caseloads of individual Planning Officers are regularly reviewed by the Planning Manager. Initial KPIs for Planning process were agreed as part of the Cairngorms National Park Authority Strategic Outcomes and Milestones paper during the Board Meeting on 18/3/11. This process of analysis and generating relevant KPIs will be enhanced by the implementation of ePlanning due April/May 11.

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

May 2011

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