



---

# Cairngorms National Park Authority

## Internal Audit Annual Report

August 2007

---

*This report and the work connected therewith are subject to the Terms and Conditions of the engagement letter between the Cairngorms National Park Authority and Deloitte & Touche LLP dated 15 July 2004. The report is produced solely for the use of the Cairngorms National Park Authority. Its contents should not be quoted or referred to in whole or in part without our prior written consent except as required by law. Deloitte & Touche LLP will accept no responsibility to any third party, as the report has not been prepared, and is not intended for any other purpose.*

This report has been prepared on the basis of the Statement of Responsibility set out on page 4.

# Contents

	<b>Page</b>
<b>Introduction</b>	<b>1</b>
<b>Results of Work Undertaken at 24 August 2007</b>	<b>2</b>
<b>Annual Statement to the Audit Committee</b>	<b>3</b>
<b>Statement of Responsibility</b>	<b>4</b>
<b>Appendix A – 2007/08 Internal Audit Plan</b>	<b>5</b>

# Introduction

As Internal Auditors, our role is to provide the Audit Committee, Board and Management of the Cairngorm National Park authority (the “Authority”) with independent assurance as to the adequacy and effectiveness of the systems of internal control 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.

Our internal audit work is undertaken in accordance with the principles of a range of professional standards, including the HM Treasury Government Internal Audit Standards (GIAS).

This annual report summarises the overall results of our internal audit work programme undertaken in respect of the financial year ended 31 March 2007. We have presented our Annual Internal Audit Statement on page 3.

In terms of overall progress we can confirm that all fieldwork has been completed in accordance with the agreed audit programme, with the exception of the planned internal audits in respect of Corporate Governance and Procurement. These internal audits were deferred to the 2007/08 internal audit plan at the request of the Head of Corporate Services to account for work being undertaken by the organisation in respect of best value self assessment, its resulting action plan, and the anticipated effect on procurement of the efficient government initiative.

## Results of Work Undertaken at 24<sup>th</sup> August 2007

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

					Number of Issues by Priority		
Audit Area	Audit	Status	Budget Days	Actual Days	1	2	3
Strategy & Planning	Corporate Governance	Deferred	5	1	n/a	n/a	n/a
Financial Management Processes	Core Financial Controls	Complete	5	5	0	0	0
	Financial Procedures and DLA	Complete	4	2	0	0	0
Legal, Regulatory and Business Risk Management	Health and Safety	Complete	5	5	1	5	1
Operational Reviews	Snowdrop HR System Review	Complete	8	8	0	1	2
	Procurement	Deferred	5	0	n/a	n/a	n/a
Follow-up Reviews	Follow-up 2005/06	Complete	2	2	0	0	0
Contract Management	Audit Committee, Planning, Client Meetings	Complete	5	5	n/a	n/a	n/a
			<b>39</b>	<b>28</b>	<b>1</b>	<b>6</b>	<b>3</b>

### ***Priority One Recommendations***

One priority one recommendation was raised during the year, resulting from our internal audit of health and safety. This is detailed as follows:

- Our internal audit testing revealed that the organisation had taken insufficient action to address the risks identified by an independent consultant in respect of fire risk within the organisation's premises. We recommended that action plans should be developed and monitored and progress reported to the management team on a quarterly basis.

### ***Follow Up***

The organisation operates a robust 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 that have not been followed up in the course of operational testing. No outstanding recommendations were identified.

# 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. The 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 Authority in an orderly and efficient manner, to ensure adherence to management policies, to safeguard the assets of the Authority, 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.

Finalised management responses are still to be agreed on a number of reports. We do not at this time anticipate raising any additional matters that would cause us to revise this Statement.

The number and priority of the recommendations that we raised during the year are summarised on page 2.

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

- all audits undertaken during the year;
- the balance of probity work against review of management arrangements and value for money work;
- follow up action taken in respect of previous years' audit work; and
- our perception of the extent of 'control awareness' amongst staff.

*On the basis of work undertaken in the year ended 31 March 2007 we consider that Cairngorms National Park Authority generally has an adequate framework of control over the systems we examined as summarised on page 2 (subject to implementation of the recommendations). In providing such an opinion we would draw to your attention our summary findings as presented in our individual reports issued throughout the year, particularly the high priority recommendation summarised on page 2.*

We take responsibility for this report, which has been prepared on the basis of the limitations set out on page 4.

# 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 & Touche LLP***  
***Glasgow***  
***August 2007***

In this document references to Deloitte are references to Deloitte & Touche LLP.

Deloitte & Touche LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, United Kingdom.

Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other's acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

©2007 Deloitte & Touche LLP. All rights reserved.

## Appendix A – 2007/08 Internal Audit Plan

We are pleased to present our internal audit plan for 2007/08. The plan was informed by analysis of the risks facing the organisation and discussions with senior management, followed by ratification and approval from the members of the Audit Committee. The plan details the budgeted input days, the approximate timing of each review as agreed with the Head of Corporate Services and the Audit Committee to which our final reports will be presented.

The plan includes the two internal audits deferred from the 2006/07 Internal Audit plan – Corporate Governance and Procurement.

Audit Area	Audit	Budget Days	Timing	Audit Committee
<b>Financial Management Processes</b>	Budgetary Control Procedures	6	Oct-07	Dec-07
	Controls Self Assessment Testing	5	Oct-07	Dec-07
	Efficient Government	5	Feb-08	Mar-08
<b>Legal, Regulatory and Business Risk Management</b>	Risk Register Revision	5	Jan-08	Mar-08
<b>Operational Reviews</b>	Project Post Implementation Reviews x 2	12	Aug-07	Dec-07
<b>Follow-up Reviews</b>	Follow-up 2006/07	2	Oct-07	Dec-07
<b>Deferred from 2006/07</b>	Corporate Governance	5	Feb-08	Mar-08
	Procurement	5	Feb-08	Mar-08
<b>Contract Management</b>	Audit Committee, Planning	5	Ongoing	N/A
		50		