

# CAIRNGORMS NATIONAL PARK AUTHORITY

INTERNAL AUDIT REPORT - FINAL

Follow up review

August 2018



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REPORT STATUS	
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DISTRIBUTION LIST	
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## Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

# EXECUTIVE SUMMARY

## Scope and Work Undertaken

### Background

As part of the provision of continual assurance with regard to internal control arrangements, a review of the degree of implementation of previously agreed Internal Audit recommendations was conducted in March - August 2018. In accordance with the Internal Audit Annual Plan 2017-18, we have considered the implementation status of all recommendations raised from previous Internal Audit work which were due to be implemented at the time of this review.

A total of 11 recommendations were followed up from the work undertaken by BDO during 2017/18, and 32 recommendations carried forward from work undertaken in previous years. The recommendations relate to 16 audit areas, as listed below:

- Financial Controls Risk Assessment 2014/15 (1 recommendation)
- Financial Management, Planning & Efficiency 2014/15 (2 recommendations)
- Community Engagement / Stakeholder Engagement 2014/15 (1 recommendation)
- Governance and Board Member Engagement 2015/16 (1 recommendation)
- Financial Controls 2015/16 (1 recommendation)
- Risk Management 2016/17 (4 recommendations)
- Project Financing 2016/17 (2 recommendations)
- Financial Processes 2016/17 (3 recommendations)
- Grant Funding & Management 2016/17 (2 recommendations)
- Tomintoul & Glenlivet Partnership Management 2016/17 (2 recommendations)
- Pension 2016/17 (2 recommendations)
- IT General Controls 2016/17 (11 recommendations)
- Corporate Governance 2017/18 (1 recommendation)
- Project Management 2017/18 (3 recommendations)
- Communications & Social Media Strategy 2017/18 (5 recommendations)
- Financial Reporting 2017/18 (2 recommendations)

### Methodology

Cairngorms National Park Authority's Internal Audit recommendation progress report was reviewed to determine the degree of implementation achieved. Where the responsible person stated that recommendations had been implemented, evidence was sought, and testing undertaken where relevant, to verify continued compliance.

### Acknowledgement

We appreciate the assistance provided by the staff involved in the review and would like to thank them for their help and on-going co-operation.

# EXECUTIVE SUMMARY

## Scope and Work Undertaken

### Status of recommendations as at August 2018

The summary below and overleaf provides a simple overview of the status of each recommendation. Of the 43 recommendations due to be implemented, 14 recommendations (32%) have been categorised as fully implemented, 11 (26%) have been categorised as partially implemented and 18 (42%) as not implemented. Details of the not implemented and partially implemented recommendations are included from page 6 onwards.

On this basis, we conclude that Cairngorms National Park Authority has made some progress in implementing the recommendations made, however, the implementation rate is low and continued focus is necessary to ensure the remaining outstanding recommendations are implemented within a reasonable timeframe, particularly in relation to the seven recommendations outstanding from the IT General Controls review.


Audit	Status at August 2018					Total
	Fully implemented	Partially implemented	Not implemented	Superseded	Not due for implementation	
Financial Controls Risk Assessment 2014/15	1	-	-	-	-	1
Financial Management, Planning & Efficiency 2014/15	-	2	-	-	-	2
Community Engagement / Stakeholder Engagement 2014/15	-	1	-	-	-	1
Governance and Board Member Engagement 2015/16	1	-	-	-	-	1
Financial Controls 2015/16	1	-	-	-	-	1
Risk Management 2016/17	2	-	2	-	-	4
LEADER Programme Administration 2016/17	-	-	-	-	-	-
Project Financing 2016/17	-	-	2	-	-	2
Financial Processes 2016/17	2	-	1	-	-	3

*(continued overleaf)*

# EXECUTIVE SUMMARY

Audit	Status at August 2018					Total
	Fully implemented	Partially implemented	Not implemented	Superseded	Not due for implementation	
Grant Funding & Management 2016/17	-	1	1	-	-	2
Tomintoul & Glenlivet Partnership Management 2016/17	-	-	2	-	-	2
Pension 2016/17	2	-	-	-	-	2
IT General Controls 2016/17	1	3	7	-	-	11
Corporate Governance 2017/18	-	-	1	-	-	1
LEADER Review 2017/18	-	-	-	-	-	-
Project Management 2017/18	1	1	1	-	-	3
Communications & Social Media Strategy 2017/18	2	3	-	-	-	5
Financial Reporting 2017/18	1	-	1	-	-	2
<b>TOTAL</b>	<b>14</b>	<b>11</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>43</b>

# RECOMMENDATION STATUS - FINANCIAL MANAGEMENT, PLANNING & EFFICIENCY 2014/15

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
1	<p>LLTPNA prepares a quarterly update which shows progress against each expenditure category for which an efficiency target has been identified.</p> <p>Management should report progress against efficiency targets for the year in a similar format. This should ensure that issues are detected in a timely manner.</p>		<p><u>Original</u> In progress - As recognised in 2013-14 internal audit report, monitoring of efficiency savings delivery has slipped somewhat as a result of staff change and other delivery pressures. This will be dealt with by the end of 2013-14.</p> <p><u>July 2017</u> Management is committed to achieving efficiency savings, some of which may not be possible to quantify as costs savings, as Scottish Government is now looking for 3% efficiency savings. Initiatives already in place are a review of the fire extinguisher contract for Ballater which will cut the cost by 50% over 5 years. A similar review will be carried out once the next extension is occupied. The workflow procedures within the finance department is being reviewed to streamline work processes and automate the requisition process and automate the production of monthly and annual accounts.</p>	
<p><b>Status at August 2018 &amp; Revised Recommendation</b></p> <p><b>Partially Implemented</b></p> <p>The Authority commenced its reporting on the efficiency savings achieved in January 2018 when a report was submitted to the Finance Committee. Management have advised that efficiency reports will be issued at least twice per annum going forward.</p>				


# RECOMMENDATION STATUS - FINANCIAL MANAGEMENT, PLANNING & EFFICIENCY 2014/15

## Management Response at August 2018

A report was submitted to the Finance Committee in January 2018 which reported efficiency savings achieved against target in 2016/17 and 2017/18, and also set out efficiencies already identified for 2018/19.

<http://cairngorms.co.uk/resource/docs/boardpapers/26012018/180126FinanceCtteePaper5AEEfficienciesTargets.pdf> The paper established that target areas for efficiency savings could not be identified in advance, other than for planned vacancy savings in staffing. The paper committed management to continue to monitor all areas of expenditure with the aim of identifying efficiency savings to meet target with ongoing reporting to take place on progress. This is a slightly different tack to the preconceived efficiencies targets conceived in the recommendation, however it is not possible to realise the ongoing scale of efficiencies required by the target through forward planned efficiencies - particularly where staffing remains the largest area of expenditure.

# RECOMMENDATION STATUS - FINANCIAL MANAGEMENT, PLANNING & EFFICIENCY 2014/15

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
2	Management should ensure that processes are established to identify and monitor efficiency savings throughout the year. Progress should be reported to the Board regularly, to allow scrutiny, and to management and staff, to ensure embedded in operating activities.		<p><u>Original</u> We accept that the sudden loss of the previous Finance Manager has led for a number of reasons to a lack of reporting on the identification and monitoring of efficiency savings. The Corporate Services Director has provided continuity of strategic planning and oversight during this time and remains confident that the 3% efficiency target will be delivered for the current year. A report will be drawn up for consideration by Management Team and then Finance and Delivery Committee reviewing efficiency savings for 2013/14 and identifying options for 2014/15.</p> <p><u>July 2017</u> See point 2.</p>	

## Status at August 2018 & Revised Recommendation

### Partially Implemented

The Authority commenced its reporting on the efficiency savings achieved in January 2018 when a report was submitted to the Finance Committee. Management have advised that efficiency reports will be issued at least twice per annum going forward.


### Management Response at August 2018

We consider the report referred to at ref. 1 has commenced the regular reporting to Finance and Delivery Committee. Reports will follow at least twice each year: at least once mid year and once to tie off position at the end of the year. Processes are in place to scrutinise costs at all times to seek efficiencies.


We aim to demonstrate this recommendation can be signed off by end of March 2019.



# RECOMMENDATION STATUS - COMMUNITY ENGAGEMENT / STAKEHOLDER ENGAGEMENT 2015/16

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
3	Management should implement a tracker using the format used for CNPA management team meetings as a basis for a stakeholder and communication engagement issues / action log detailing planned attendance by senior management at stakeholder and community meetings and recording of any issues / actions arising from such meetings that require further consideration.		<p><u>Original</u> In progress - A stakeholder engagement management system is being developed to be available by early 2014.</p> <p><u>July 2017</u> There has been on going discussion on this and it is felt that the staff time required is disproportionate to the outcome. However, we are exploring whether a CRM (Customer Relationship Management) system would be a cost effective solution.</p>	<p><i>Responsible Officer: Head of Comms &amp; Engagement through OMG</i></p> <p><i>Implementation Due Date: June 2015 (Revised)</i></p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Partially Implemented</b></p> <p>Management decided during our previous follow up audit that the staff time required to implement this recommendation is disproportionate to the outcome. However, as a substitute, a CRM system was considered. The Authority is currently procuring a CRM system which will act as a tracker.</p>				
<b>Management Response at August 2018</b>				
<p>It is worth noting that Board reviews its representation on a range of organisations and groups annually in September / October as a key control in our stakeholder engagement activities. Management Team also reviews our relationship position with key stakeholders at least annually and also through forum such as the National Park Partnership Plan Operations Group. We are currently in procurement for the CRM system which will then add further controls into our stakeholder engagement processes and we aim to have this recommendation signed off as complete by the end of March 2019.</p>				

# RECOMMENDATION STATUS - RISK MANAGEMENT 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
4	We recommend that, on development of a risk management policy, staff with risk management responsibilities are required to sign a checklist to confirm whether they are aware of the organisation's risk management approach or require further training in this area.		Agreed. I think the recommendation for staff to sign a checklist and self-certify awareness of risk management approaches or need for further training is a very practical recommendation that can help avoid staff undergoing unnecessary "mandatory" training.	<i>Responsible Officer: Governance and Information Officer</i>  <i>Implementation Due Date: 31/03/2017</i>

## Status at August 2018 & Revised Recommendation

### Not Implemented

The Director of Corporate Services issued an email to the Authority's 'Heads' to obtain confirmation on whether they, or any of their staff, required further training on the Authority's approach to risk management. No training needs were identified. However, this did not seek confirmation as per the recommendation, that each individual staff member staff with risk management responsibilities is aware of the organisation's risk management principles and practices.


## Management Response at August 2018

The post-holder responsible for delivery has now left the organisation and the recommendation has not been implemented as intended. The Director of Corporate Services, will now seek to draw up a checklist for sign off by appropriate staff in discharge of this recommendation by end of December 2018.

# RECOMMENDATION STATUS - RISK MANAGEMENT 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
5	<p>We recommend that all project risk registers should be developed using a consistent approach aligned to the Strategic Risk Register.</p> <p>We recognise that management have identified that in practice projects evolve their own approach to developing risk registers and have accepted this, providing the project teams are recognising and managing risk. However, implementing a consistent approach for developing risk registers will ensure risks are being assessed and understood consistently throughout the organisation, ensure consistent high quality and will improve the process for escalating and de-escalating risks to the Strategic Risk Register.</p>	●	<p>Agreed. While the key point remains to ensure that risks and recognised, documented and managed, we accept that risk registers should ideally be in a consistent format to aid review and escalation processes. We will reinforce the need for use of the template to support consistency of practice in our project management communications and internal reviews.</p>	<p><b>Responsible Officer:</b> Governance and Information Officer</p> <p><b>Implementation Due Date:</b> 31/03/2017</p>
Status at August 2018 & Revised Recommendation				
<p><b>Not Implemented</b></p> <p>This recommendation has yet to be implemented. Management have advised that due to staffing changes, a reappraisal must be performed on how the Authority manages projects and the project documentation to be implemented.</p>				
Management Response at August 2018				
<p>The entirety of the project management support system is currently under review, and this low level risk will be captured within that review. We will aim to complete this work by January 2019.</p>				

# RECOMMENDATION STATUS - PROJECT FINANCING 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
6	We recommend that staff are provided with guidance on the eligible expenditure that can be claimed against the Tomintoul & Glenlivet Landscape Partnership project. The guidance should also describe any supporting evidence required to be provided. Cairngorms National Park Authority should consider liaising with the Heritage Lottery Fund to agree on and confirm the expenses considered eligible to be claimed against the project.		Agreed. We expect that the grant application to HLF sets a broad framework for project and expenditure eligibility. It is, though, a sensible additional control mechanism for the Authority to liaise with HLF to agree matters of eligibility more explicitly.	<i>Responsible Officer: Head of Conservation and Land Management, with Finance Manager</i>  <i>Implementation Due Date: 31/03/2017</i>

## Status at August 2018 & Revised Recommendation


### Not Implemented

This recommendation has not been implemented. Management have advised that they do not consider documented guidance to be required, as the Authority is aware of the costs that are not eligible to be claimed for the Tomintoul & Glenlivet Landscape Partnership project, and a claim has never been rejected due to ineligible costs. Management have requested that this recommendation is removed from future follow up reviews.

## Management Response at August 2018

We are now running 3 HLF funded projects and have simplified the internal grant claiming process while maintaining full transparency on calculation of claims, disclosure of accounting records and supporting documentation to HLF. Where finance consider that costs are not eligible these are discussed with HLF prior to incurring the costs. There has only been one ineligible cost issue identified to date - "management" fee from a project partner. This was withdrawn and no ineligible cost was borne by the project. The Finance Manager will aim to have this recommendation signed off as implemented by end December 2018.

# RECOMMENDATION STATUS - PROJECT FINANCING 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
7	We recommend that the Finance & Delivery Committee and Partnership Boards receive quarterly reporting on cash flow performance for both the LEADER and Tomintoul & Glenlivet Landscape Partnership projects. The reporting should detail actual against expected cash flows, and forecasted cash flows.		Agreed. This is a sensible addition to our reporting to Finance and Delivery Committee given the increased risk around cash flow management posed by the projects for which we are acting as lead partner.	<i>Responsible Officer: Finance Manager</i>  <i>Implementation Due Date: 31/03/2017</i>

## Status at August 2018 & Revised Recommendation

### Not Implemented

This recommendation has yet to be implemented. Management have advised that reporting and forecasts will be formalised by the end of this financial year.


## Management Response at August 2018

Cash flow models have been developed but are not in use as other methods of cash monitoring have been used. A model finance committee report has been developed for use from 18/19 which includes a section for cash management for Core and projects which will use the RAG system to highlight the status of cash flow by quarter for the financial year being reported. The monthly Board finance paper for T&G discloses cash at bank and the projected cash recovery for the quarter. The Finance Manager will seek to have this recommendation signed off as implemented, on the basis of models developed, by end of March 2019.

# RECOMMENDATION STATUS - FINANCIAL PROCESSES 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
8	<p>We recommend that the Finance Management schedule is updated to provide detailed policies and guidance on all financial processes. These should be reviewed on an annual basis.</p> <p>We also recommend that clear roles and responsibilities demonstrating segregation of duties are documented within the guidance notes for all financial processes.</p> <p>We recognise that management have made progress in developing the schedule and that completion of this was delayed due to the implementation of the new Sage system.</p>	●	Accepted. We are currently reviewing and updating all procedures.	<p><i>Responsible Officer: Finance Manager</i></p> <p><i>Implementation Due Date: 31/06/2017</i></p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Not Implemented</b></p> <p>This recommendation is yet to be implemented. Management have advised that the Finance Management schedule will be further developed to include all elements of the recommendation.</p>				
<b>Management Response at August 2018</b>				
<p>High level tasks relating to month end and year end routines and procedures are in place. Documentation of lower level tasks to be implemented by 31 December as part of general review of policies, procedures and responsibilities. It should be noted that when a specific spreadsheet is developed for either reporting or financial management notes are imbedded stating the reason for the spreadsheet and how it is to be prepared. These are usually high level and currently maintained by the finance manager , specifically for recording and tracking LEADER claims.</p>				

# RECOMMENDATION STATUS - GRANT FUNDING & MANAGEMENT 2016/17


Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
9	<p>We recommend that the Grant Toolkit is completed, encompassing all processes in place for the awarding, recording and monitoring of grant funding.</p> <p>The toolkit should also clearly define the following:</p> <ul style="list-style-type: none"> <li>- Actions to be taken when grant conditions are not being met or terms and conditions are breached;</li> <li>- The process for consideration of the risk and value of grant funding applications to determine the proportion of resource required to evaluate these; and</li> <li>- Review and scrutiny arrangements for progress reports provided by grantees.</li> </ul>		Accepted. Finalisation of the toolkit has been delayed by other priority activities and will now be accelerated.	<p><b>Responsible Officer:</b> Director of Corporate Services</p> <p><b>Implementation Due Date:</b> 30/09/2017</p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Not Implemented</b></p> <p>This recommendation is yet to be implemented. Management have advised that the implementation of this recommendation has been postponed due to other activities being prioritised.</p>				
<b>Management Response at August 2018</b>				
<p>Work to recommence in October and linked to project management: To be implemented by January 2019. The intention is to complete this in parallel with work on projects to ensure a commonality in a risk based approach to project and grant management.</p>				

# RECOMMENDATION STATUS - GRANT FUNDING & MANAGEMENT 2016/17


Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
10	<p>We recommend that management develops and maintains a grant register which records all grant funding provided. The performance requirements detailed within each grant award terms and conditions should be recorded and monitored within the tracker.</p> <p>The register should be reviewed on a regular basis to ensure funds are used effectively and agreed objectives are achieved.</p>	●	<p>Agreed. This is a sensible recommendation and one which mirrors recent thinking within the Finance Team that we should establish and maintain a central register of live grant funding initiatives.</p>	<p><b>Responsible Officer:</b> Finance Manager</p> <p><b>Implementation Due Date:</b> 30/11/2017</p>
Status at August 2018 & Revised Recommendation				
<p><b>Partially Implemented</b></p> <p>The Authority has developed a grant register, however this does not detail the performance requirements included in the terms and conditions and performance against these.</p>				
Management Response at August 2018				
<p>Performance requirements to be back loaded for all 2018/19 grants by 31 October; performance requirements for all subsequent grants to be loaded when entered in register when a grant offer is made.</p>				



# RECOMMENDATION STATUS - TOMINTOUL & GLENLIVET PARTNERSHIP MANAGEMENT 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
11	<p>We recommend that all project management templates are completed for the delivery phase of the TGLP project. We also recommend that more detailed project management protocols are defined within the Project Management Guidance and Process documents. The protocols should clearly define the process to be followed for the following stages of a project:</p> <ul style="list-style-type: none"> <li>- Option selection and prioritisation;</li> <li>- Collaboration with partners;</li> <li>- Solution development;</li> <li>- Delivery (including monitoring and reporting); and</li> <li>- Changes (including time, cost, quality and risk changes).</li> </ul> <p>The change management process for the delivery phase of the project should be clearly documented, including the identification of defined limits outlining at which point HLF approval is required.</p>		<p>Agreed. The Programme Manager has now been recruited for this programme and will be charged with completing all project management templates to enhance robustness of management controls. As the documentation will be completed and owned by the Programme Manager this will also enhance lines of management responsibility.</p>	<p><b>Responsible Officer:</b> Tomintoul and Glenlivet Programme Manager with Head of Land Management and Conservation</p> <p><b>Implementation Due Date:</b> 31/07/2017</p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Not Implemented</b> Internal Audit were unable to obtain documentation to evidence the implementation of this recommendation.</p>				
<b>Management Response at August 2018</b>				
<p>To be fully implemented by 30 November 2018.</p>				

# RECOMMENDATION STATUS - TOMINTOUL & GLENLIVET PARTNERSHIP MANAGEMENT 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
12	We recommend that changes in spend profile exceeding an agreed threshold are reported to the TGLP Board on a monthly basis.		Agreed.	<i>Responsible Officer: Finance Manager</i>  <i>Implementation Due Date: 31/09/2017</i>

## Status at August 2018 & Revised Recommendation

### Not Implemented


This recommendation has yet to be implemented. The Finance Manager has advised that feedback will be sought on an agreed threshold before changes in spend profile exceeding this threshold can be reported monthly to the TGLP Board.

## Management Response at August 2018


Finance risk is now being considered in more detail by the board as more major projects are either due to start or project plans are revised. To date, as only 1 major project has been undertaken, and is currently showing a £6k underspend, there has been no need to set a variance against project budgets, especially as the Museum Refurbishment was closely monitored by the Project manager. What has been agreed is that in September a comprehensive review of all project costs will be undertaken and the recast project costs and profiled spend will then be used as the bench mark for cash management, cost monitoring on a monthly basis. This will then be included in the monthly finance paper and supplemented by any specific concerns by the Project manager.

As a first step a Contingency Request form has been introduced. This is a request to the Board for contingency funding where cost overruns have been identified on review. Secondly post September review variances against plan will be reported to the Board monthly. No reporting level has been set but greater emphasis will be placed on the high value construction projects.

# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
13	We recommend that all users are provided with computer security awareness training. This may take the form of group-based seminars or workshops and could be supplemented by on-line test-based learning. Where possible, the subject matter should include coverage of the upcoming GDPR requirements and the potential impact of non-compliance on the Authority.		Agreed. We note also the sensible suggestion to seek to combine training on security awareness with upcoming GDPR responsibilities. This training may take some time to arrange, hence the slightly longer time frame for a medium / amber level recommendation.	<i>Responsible Officer: Head of Organisational Development with Governance and Corp. Performance Manager</i>  <i>Implementation Due Date: 31/01/2018</i>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<b>Partially Implemented</b> A Cyber Security eLearning module was made available to all staff in February 2018, and it was communicated to staff that this was a compulsory course. However, to date, 47 out of 75 staff member have yet to complete the training.				
<b>Management Response at August 2018</b>				
To be completed by all non-compliant staff by 31 October 2018.				

# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
14	<p>We recommend that network accounts for leavers are disabled as soon as the account owner leaves employment with the Authority. Controls should also ensure that accounts for temporary, agency or contract staff are disabled promptly when they are no longer required. We also recommend that periodically a full reconciliation of user accounts is carried out by IT against an independent source of information such as HR or payroll lists to ensure only active staff members have access to the network.</p> <p>Additionally, we recommend that IT periodically review accounts using last login data to identify and remove inactive accounts to minimise the risk of unauthorised access to the network.</p>		<p>Agreed. The Head of Organisational Development will oversee a review of processes falling on from staff resignations and will also put in place arrangements for twice yearly reconciliations of user accounts against payroll.</p>	<p><i>Responsible Officer: IT Manager</i></p> <p><i>Implementation Due Date: 31/01/2018</i></p>

## Status at August 2018 & Revised Recommendation


### Not Implemented

Internal Audit obtained a list of leavers from HR from the last year and compared this to current network users. We identified one instance where the network user account had not been disabled for a staff member who had left the Authority.

## Management Response at August 2018

Reconciliations to be carried out every six months: September and March, commencing at end September 2018.

# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
15	We recommend that all security and critical patches are implemented as a matter of course, in order to minimise known malware, ransomware etc.. However, we recommend that less critical, for example, design orientated patches are first tested on a smaller group of non-business critical servers (or test servers that mirror the live environment) to assess whether these result in any adverse consequences to Authority systems before they are rolled out across the rest of the server estate.		Agreed.	<i>Responsible Officer: IT Manager</i>  <i>Implementation Due Date:</i> 31/01/2018

### Status at August 2018 & Revised Recommendation

#### Partially Implemented

Critical patches are implemented immediately, for example, in relation to security. However, there has been no testing on any patches which have deemed to be less critical.


### Management Response at August 2018

We have implemented what we believe to be the most security critical element of this recommendation, i.e. immediate update of critical patches.


We have not yet had the time or resource availability to design appropriate test server infrastructure in which to test “design oriented” patches. We will discuss this aspect of the recommendation further with IT colleagues from Loch Lomond and the Trossachs NPA. Priority will be given in the first instance to other aspects of outstanding recommendations as regards IT and cyber security and disaster recovery testing.

The Finance Manager and IT Manager will aim to resolve this remaining matter by end of May 2019, to inform the 2018/19 year end audit follow up.


# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
16	We recommend that current web content filtering settings are reviewed and enhanced to ensure that these minimise the level of security risk to the network. Specifically, filtering settings should block peer-to-peer connections from being established with user machines as well preventing the unauthorised leakage of data from the network.		Agreed. We will explore the establishment of secure file sharing arrangements to support partnership working without reliance on these much less secure current practices. In essential cases we will explore the use of Dropbox and Google Drive by authorised users on non-networked machines to minimise risk of data leakage and malware proliferation.	<b>Responsible Officer:</b> Governance and Corporate Performance Manager with IT Manager  <b>Implementation Due Date:</b> 31/01/2018
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<b>Not Implemented</b> This recommendation has yet to be implemented. Internal Audit have been advised that the current filtering solution is being replaced, and the filtering settings will be reviewed and enhanced upon completion of this.				
<b>Management Response at August 2018</b>				
Will also be included in the first phase of the Cyber Essentials certification is in progress and the initial report is awaited. The current Blox filtering solution will be replaced by a new Sophos solution no later 31 December 2018. To be completed therefore by end January 2019.				

# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17


Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
17	<p>We recommend that, as per the requirements of the Security Policy, there is regular full-restore testing of backups i.e. the full recovery of systems on a bare-metal server using backup media.</p> <p>We also recommend that a formal backup plan/policy is developed to ensure a consistent approach is taken to managing backups including implementation, monitoring over their success/failure, rerunning failed backups and regular testing.</p>		Agreed.	<p><b>Responsible Officer:</b> Governance and Corporate Performance Manager with IT Manager</p> <p><b>Implementation Due Date:</b> 31/01/2018</p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Not Implemented</b></p> <p>Management have advised that this recommendation is yet to be implemented. The Authority plans to carry out backup testing on a partial and ad hoc basis, however a backup plan/policy which reflects this has yet to be developed.</p>				
<b>Management Response at August 2018</b>				
<p>Planning for office extension and associated IT systems development, followed by staff turnover in summer 2018 has prevented this work from being taken forward as planned and originally timetabled. We will aim to develop this in the second half of 2018/19.</p> <p>Director of Corporate Services to take forward, supported by Corporate Management Group, to complete by end February 2019.</p>				

# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17


Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
18	We recommend that an IT disaster recovery plan with supporting technical recovery plans are developed to support the recovery of business critical systems following an IT disaster. The plans should be sufficiently detailed to allow engineers that are not familiar with Authority systems to rebuild and recover servers and network hardware i.e. plans should include current configuration and systems setting information.		Agreed.	<p><b>Responsible Officer:</b> Governance and Corporate Performance Manager with IT Manager</p> <p><b>Implementation Due Date:</b> 31/01/2018</p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Partially Implemented</b></p> <p>An outline Disaster Recovery Plan is in place which details a task list for the recovery of infrastructure. However there are no detailed technical recovery steps and timescales specific to each core system to guide the step-by-step recovery of these systems.</p>				
<b>Management Response at August 2018</b>				
<p>Revised date for completion 31 December 2018.</p> <p>Planning for office extension and associated IT systems development, followed by staff turnover in summer 2018 has prevented this work from being taken forward as planned and originally timetabled.</p>				




# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
19	<p>We recommend that USB devices should be forced encrypted when first used on the network to ensure that Authority data stored on these devices is securely protected.</p> <p>We also recommend that end-point security software is used to ensure that all devices connecting to the network are security scanned.</p>		<p>Agreed. We are conscious that these changes may cause some preliminary disruption to existing partnership working arrangements. However, this can hopefully be overcome if other more secure file sharing arrangements are identified in line with recommendation 5.</p>	<p><b>Responsible Officer:</b> Governance and Corporate Performance Manager with IT Manager</p> <p><b>Implementation Due Date:</b> 31/01/2018</p>
<p><b>Status at August 2018 &amp; Revised Recommendation</b></p> <p><b>Not Implemented</b></p> <p>Plans are in place to encrypt USB devices. The Director of Corporate Services has drafted an email to all staff alerting them of the changes in practice, however USB encryption has yet to take place within the Authority.</p>				
<p><b>Management Response at August 2018</b></p> <p>The “sheep dip” kit is ready for use and roll out is being delayed until the occupation of the new office space is complete, to be incorporated within other new working practices.</p>				

# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
20	We recommend that the network is periodically subject to vulnerability scanning, using tools such as Nessus, to ensure all known vulnerabilities are identified and corrected to prevent these from being exploited. We also recommend that management consider commissioning a network penetration test to assess the security of the external perimeter. This type of testing will deliver the most value where the Authority are reliant on delivering services over the internet, particularly those that involve payment transactions (or exchange of other sensitive data).		Agreed. A network penetration test will be commissioned jointly with LLTNPA given the inter-dependencies of both NPA's IT networks.	<b>Responsible Officer:</b> Governance and Corporate Performance Manager  <b>Implementation Due Date:</b> 31/03/2018
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Not Implemented</b></p> <p>Management have advised that this recommendation has not yet been implemented, and have advised that this will be included as part of the Cyber Essentials certification which will take place in the current year or in 2019-20.</p>				
<b>Management Response at August 2018</b>				
The first phase of the Cyber Essentials certification has started and the first report is awaited.				


# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
21	We recommend that all network devices are configured with reference to recognised security baselines to ensure that all active network components have met a minimum security standard.		Agreed.	<i>Responsible Officer: IT Manager</i>  <i>Implementation Due Date:</i> 31/03/2018
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<b>Not Implemented</b> Management have advised that this recommendation has not yet been implemented.				
<b>Management Response at August 2018</b>				
To be completed by 31 December 2018.				

# RECOMMENDATION STATUS - IT GENERAL CONTROLS 2016/17

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
22	<p>We recommend that the Authority consider developing and implementing a network security monitoring and logging strategy to ensure that areas of the network that are used to store or process sensitive data are subject to proactive monitoring controls.</p> <p>Also, we recommend that management consider introducing a syslog for securely capturing and retaining log information to ensure the availability and integrity of log data is maintained.</p>	●	Agreed.	<p><i>Responsible Officer: IT Manager</i></p> <p><i>Implementation Due Date:</i> 31/03/2018</p>
Status at August 2018 & Revised Recommendation				
<p><b>Not Implemented</b></p> <p>Management have advised that this recommendation has not yet been implemented, and have advised that this will be included as part of the Cyber Essentials certification which will take place either in the current year or in 2019-20.</p>				
Management Response at August 2018				
<p>The first phase of the Cyber Essentials certification is in progress and the initial report is awaited.</p>				

# RECOMMENDATION STATUS - CORPORATE GOVERNANCE 2017/18

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
23	We recommend that regular refresher and emerging issues training on areas such as cyber security are considered for the Board and committee members.		Agreed. We will work with the Convenor to identify the best way to take forward our programme of Board skills training, supported by our Board self-assessment mechanism.	<i>Responsible Officer: Director of Corporate Services with Head of Organisational Development</i>  <i>Implementation Due Date: 31/03/2018</i>

## Status at August 2018 & Revised Recommendation


### Not Implemented

Regular refresher and emerging issues training is yet to be provided to the Board and committee members. Management expect that the first training sessions will take place in late 2018.


## Management Response at August 2018

Board self assessment undertaken in September 2017 established a range of skills development areas which the Authority has been progressing over the course of 2018/19. With appointment of new Board members in September 2018 and possibly following elections in March 2019, we will undertake a range of refresher and emerging issues training and will ensure that cyber security is considered as part of this. Completion 31 May 2019.

# RECOMMENDATION STATUS - PROJECT MANAGEMENT 2017/18

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
24	<p>We recommend that all project management templates are completed for future projects in line with the project management guidelines.</p> <p>We also recommend that a process for requesting and approving changes to defined limits relating to cost, time, quality and risk is documented and applied.</p> <p>We also recommend that all changes are recorded within a project change log.</p>		<p>Recommendation accepted. The Operational Management Group, comprising all Heads of Service, have additionally commenced an internal review of the adequacy of the project management templates and whether the approach to project management approval and governance can be streamlined without compromising internal control standards. The results of this review will be applied while also ensuring the current recommendation is implemented: ensuring that the revised project toolkit is used fully and appropriately.</p>	<p><b>Responsible Officer:</b> Director of Corporate Services with Head of Organisational Development</p> <p><b>Implementation Due Date:</b> 30/06/2018</p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Not Implemented</b></p> <p>Management have advised that this recommendation has not yet been implemented.</p>				
<b>Management Response at August 2018</b>				
<p>The entirety of the project management support system is currently under review, and this action will be captured within that review.</p> <p>We will aim to complete this work by January 2019.</p>				

# RECOMMENDATION STATUS - PROJECT MANAGEMENT 2017/18

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
25	We recommend that roles and responsibilities are fully documented for all key people and groups with responsibilities for each project.		Agreed.	<p><i>Responsible Officer: Director of Corporate Services</i></p> <p><i>Implementation Due Date: 31/07/2018</i></p>

## Status at August 2018 & Revised Recommendation

### Partially Implemented

Anticipated staff resources have been detailed within the Authority's register of projects. This details the staff members involved for each project, and the approximate amount of time required from each. However, detailed project responsibilities have not been documented for each project.

## Management Response at August 2018


Management will revisit the register of projects and detail those significant and large scale projects for which the roles and responsibilities of all key people and groups should be documented.

# RECOMMENDATION STATUS - COMMUNICATIONS & SOCIAL MEDIA STRATEGY 2017/18

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
26	<p>We recommend that management implement digital communications and social media related KPIs and that regular monitoring and scrutiny against these is provided by management. Examples of KPIs could include</p> <ul style="list-style-type: none"> <li>- Time taken to respond to queries;</li> <li>- Clicks and downloads of reports and content highlighted via social media; and</li> <li>- Engagement performance.</li> </ul>		<p>We agree with this recommendation and the social media strategy will include KPIs to measure our social media activity. This will include the overall reach, reach by target demographic/audience as well as the level of engagement achieved. Specific measures will also be set for our campaign activities.</p>	<p><b>Responsible Officer:</b> Sian Jamieson</p> <p><b>Implementation Due Date:</b> 30/04/2018</p>
<p><b>Status at August 2018 &amp; Revised Recommendation</b></p> <p><b>Partially Implemented</b></p> <p>Key Performance Objectives have been documented within the Digital and Social Media Communications Strategy. It is planned for performance against these to be reported to management and the Board, however this monitoring has yet to commence.</p>				
<p><b>Management Response at August 2018</b></p> <p>Monitoring to be implemented by 30 September 2018.</p>				



# RECOMMENDATION STATUS - COMMUNICATIONS & SOCIAL MEDIA STRATEGY 2017/18

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
27	We recommend that CNPA applies version control to policies and procedures and conducts formal reviews on the documents on an annual basis.		We agree with this recommendation and the Digital Communications Policy will be reviewed by March 2018 and that a version control will be used to ensure formal reviews are carried out on an annual basis.	<i>Responsible Officer: Sian Jamieson</i>  <i>Implementation Due Date: 30/04/2018</i>

## Status at August 2018 & Revised Recommendation


### Partially Implemented

An evaluation timeline has been documented within the Digital and Social Media Communications Strategy, which indicates that the strategy will be updated in January of each year if relevant, and that policies will be reviewed every February. In addition, the Strategy also details the produced date and review date for a range of supporting documents, including the digital communications policy and social media checklists, although the review of these documents is currently pending. However, version control has not been added to the documents which would provide an audit trail for the revision and updates of the documents, and would clearly demonstrate the next scheduled review.


## Management Response at August 2018

To be implemented by 31 August 2018, by inclusion of table at end of document showing versions/date of change.

# RECOMMENDATION STATUS - COMMUNICATIONS & SOCIAL MEDIA STRATEGY 2017/18

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
28	<p>We recommend that feedback on the effectiveness of key digital communications is sought and responded to from stakeholders.</p> <p>We recommend that the Communications and Engagement team considers conducting a stakeholder survey campaign to gain feedback on the digital platforms and accounts which are currently in use by CNPA.</p> <p>We also recommend that management consider conducting this process prior to the completion of the communications and social media strategy.</p>		<p>We agree with this recommendation and will carry out a short survey on our digital communications and social media activity with our stakeholders prior to the completion of the social media strategy.</p>	<p><i>Responsible Officer: Sian Jamieson</i></p> <p><i>Implementation Due Date: 30/04/2018</i></p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Partially Implemented</b></p> <p>The Authority has begun reviewing stakeholder communications and obtaining feedback on these. An external consultant has been recruited to review current communications and engagement practices with Park residents and develop recommendations for future engagement. The consultant's findings were presented to management at a workshop held on 14<sup>th</sup> August 2018. The outputs of the workshop are planned to be presented to the Communications &amp; Brand Board, and thereafter a proposal will be issued to the Board for agreement.</p>				
<b>Management Response at August 2018</b>				
<p><b>Partially implemented</b></p> <p>We have initiated a review of our stakeholder communications, with an initial focus on residents, over July and August with a workshop held on 14 August to review initial results of this exercise and explore options for future activity.</p>				

# RECOMMENDATION STATUS - FINANCIAL REPORTING 2017/18

Ref.	Original Recommendation	Sig.	Management Response	Responsibility & Implementation Date
29	<p>We recommend that the Organisation develop a framework for reporting performance, including:</p> <ul style="list-style-type: none"> <li>- Variance reporting against monthly budgets (with reporting escalation thresholds to determine what level of variance is required to be reported, to be agreed by Senior Management and the Board); and</li> <li>- Ongoing reporting on key finance-related risks.</li> </ul> <p>The Organisation should also review whether additional performance information would add-value as part of ongoing financial reporting for example, accrual repayment timescales.</p>		<p>Agreed. (1) variances are noted monthly within in tracking spreadsheet. The metric is for the annual budget to be divided by the month in the year (1/12) and adverse variances highlighted. Some are not reported on as there will be prepayment to recognise at some point e.g. rent, or some budget lines payments are made for a full year which may highlight an adverse variance which will diminish to zero or nearly zero over the year. Such timing difference variance are not reported. In 17/18 the 2 codes which did show significant variances and were reported to the Finance committee were recruitment and relocation. A variance level will however be agreed by Senior management and the Board.</p> <p>We will enhance reporting on key-finance risks and review what additional performance information is relevant and pertinent to the financial management of the Authority.</p>	<p><b>Responsible Officer:</b> Director of Corporate Services and Finance Manager</p> <p><b>Implementation Due Date:</b> 30/06/2018</p>
<b>Status at August 2018 &amp; Revised Recommendation</b>				
<p><b>Not Implemented</b> Management have advised that this recommendation has yet to be implemented.</p>				

# RECOMMENDATION STATUS - FINANCIAL REPORTING 2017/18

## Management Response at August 2018





Noted this is not implemented. Implementation date has not fitted in with Committee schedule, with Finance and Delivery Committee meeting in June only receiving one month activity updates to end April 2018 which consequently had few variations to report. We will aim to implement this recommendation in reporting to the October 2018 Finance and Delivery Committee meeting, and thereafter.




# APPENDIX I - STAFF INTERVIEWED

NAME	JOB TITLE
Daniel Ralph	Finance Manager
David Cameron	Director of Corporate Services
Sandy Allan	IT Manager
Francoise van Buuren	Head of Communications & Engagement
Sian Jamieson	Digital Campaigns Officer

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

# APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Reasonable</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# APPENDIX III - TERMS OF REFERENCE

## BACKGROUND

As part of the 2017-18 Internal Audit plan for Cairngorms National Park Authority, it was agreed that internal audit will follow up on previously agreed recommendations made in Internal Audit reports in previous years, and where relevant during the current year.

## PURPOSE OF REVIEW

The aim is to provide assurance to management and the Audit Committee that previous internal audit recommendations have been implemented effectively and within targeted timescales.


## KEY RISKS

The key risk associated with the area under review is:

- Action is not taken to implement recommendations resulting in weaknesses in control and subsequent loss, fraud or error.

## SCOPE OF REVIEW

We will review management's action taken to implement internal audit recommendations. This will involve the review of recommendations made in each of the internal audit reports issued during 2017-18, and a follow up of any outstanding recommendations from previous years. We will also review any recommendations made in the 2017-18 internal audit reports which are due for implementation.



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