

CAIRNGORMS NATIONAL PARK AUTHORITY AUDIT & RISK COMMITTEE

FOR DECISION

**Title: INTERNAL AUDIT: PEATLAND ACTION PROGRAMME
SET UP**

**Cover Paper Prepared by:
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Purpose

This paper presents the review of the Cairngorms NPA's establishment of the Cairngorms Peatland ACTION Programme and design and implementation of arrangements to support the operation of that programme.

Recommendations

The Audit & Risk Committee is asked to:

- a) Consider the internal auditors report and findings;**
- b) Endorse the management responses to recommendations for future action and system improvements.**

Executive Summary

1. Azets have undertaken a review of the Authority's establishment of the Cairngorms Peatland ACTION Programme, and design and implementation of arrangements to support the operation of that programme. The internal audit report is presented in full at Annex I to this paper.
2. As a significant, new programme of activity for the Cairngorms NPA, management asked Azets to add this review to the existing programme of internal audit activity agreed within the 2020/21 internal audit programme. The Management Team recognised from the early stages of transfer of delegated responsibility for delivery of a Peatland ACTION programme to the Park Authority that implementation of this programme and achievement of agreed outcomes will require more than the "traditional" grant management activities and processes on which the team's processes were originally built. The lack of capacity, relevant knowledge and skills within many of the potential land management and contractor stakeholders within this sector have required the Cairngorms NPA Peatland team to play a much fuller role in the

development and delivery of projects than would be the case with a more typical grant programme. There has also been significant pressure on the team to deliver project work and peatland restoration 'on the ground' with little time since the Park Authority took on responsibility for the programme to reflect on system design and process. In recognition of this situation management felt it was appropriate to undertake an internal audit at an early stage in the Park Authority's ownership of and responsibility for the programme's aims and objectives in order to help direct the required evolution of the administrative structure and control framework.

3. Given the new and evolving nature of this area of work, the internal audit has recognised a number of significant areas of work required create and improve the required control systems.
4. A total of nine recommendations supporting development and enhancement of these control systems and processes have been made. Two recommendations for action are raised at a red level, assessed as having very high risk exposure.
5. The first high risk area of work (control 2.1 in the Annex) relates to the need to establish a "full service" agreement with land managers to make explicit the respective roles and responsibilities of all actors involved in each peatland restoration project. Information presented in an earlier draft of the internal audit report has already been used to take forward this action by commissioning legal work to draw up a full services agreement for use with land managers.
6. The second very high risk area of work (control 4.1 in the Annex) relates to a full review and consolidation of the Peatland ACTION teams processes and procures. Management Team has already restructured the team to add additional management capacity and therefore provide additional resource to support review and redesign of internal processes. The team as a whole will also contribute to this action over the winter months while there is less pressure from project design and management.
7. Of the remaining recommendations, six are assessed as presenting a high risk exposure with one presenting moderate risk considerations. All recommendations have been accepted by management. Responses to recommendations outlining future action to be taken, officers responsible and timetable for action have been set out in the report at Annex I.
8. Of the five areas of control assessment covered by the review, two areas are assessed as having an absence of required key controls, reflecting the evolutionary nature of the work within this programme; the work required to implement the very high risk recommendations covered above; and the rationale for management's commissioning of this review work. Two further control areas are assessed as not currently achieved with work as covered by recommendations needed to resolve control gaps. The remaining control objective is identified as having relevant control objectives achieved while with scope for improvement.
9. The audit recommendation is to ensure all contracts are in place between land managers and contractors before grant contracts are approved to start has now been implemented with internal controls designed and implemented. Wider separation of

duties and responsibilities have also been designed and in the process of implementation through the revised team structure.

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