



# Cairngorms National Park Authority

Internal Audit Report 2021/22

Peatland Action Programme Set Up

March 2022



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## Internal Audit Report 2021/22

### Peatland Action Programme Set Up

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# Executive Summary

## Conclusion

**CNPA has adopted a ‘full service’ approach to the delivery of the Peatland Action Fund Programme that involves Project Officers taking a hands-on approach throughout the lifecycle of each project, from application through delivery to project closure. Whilst there are advantages to this in terms of ensuring projects are delivered effectively, it also creates a significant number of risks to CNPA that have not yet been fully considered or mitigated. These risks include potential exposure in a wide number of areas including legal, financial, reputational, fraud and staff resourcing.**

**We also found there to be a lack of strategic direction for the programme, due to constraints in management capacity to maintain an overview of activities, which has resulted in issues with key controls, documentation and processes, communication approach, programme management and reporting, project appraisal, claim checking and governance.**

**The issues with the current arrangements have an impact on CNPA’s readiness to move to an ‘open call’ for applications and we believe that a significant amount of work remains to ensure that CNPA is fully prepared for such a move.**

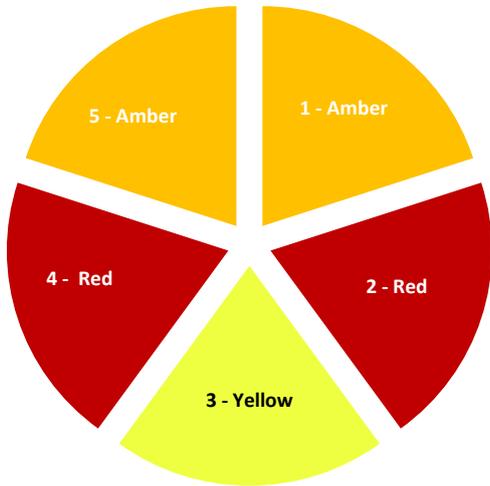
## Background and scope

The CNPA became a full Peatland Action delivery partner in April of 2021, following approval by the Scottish Government in November 2020, managing a three-year programme with a £9.92million budget – with the aim of delivering over 2,750 hectares of restored peatlands in the National Park.

Organisations apply to CNPA, as delivery partner, for funding related to on-the-ground restoration activities.

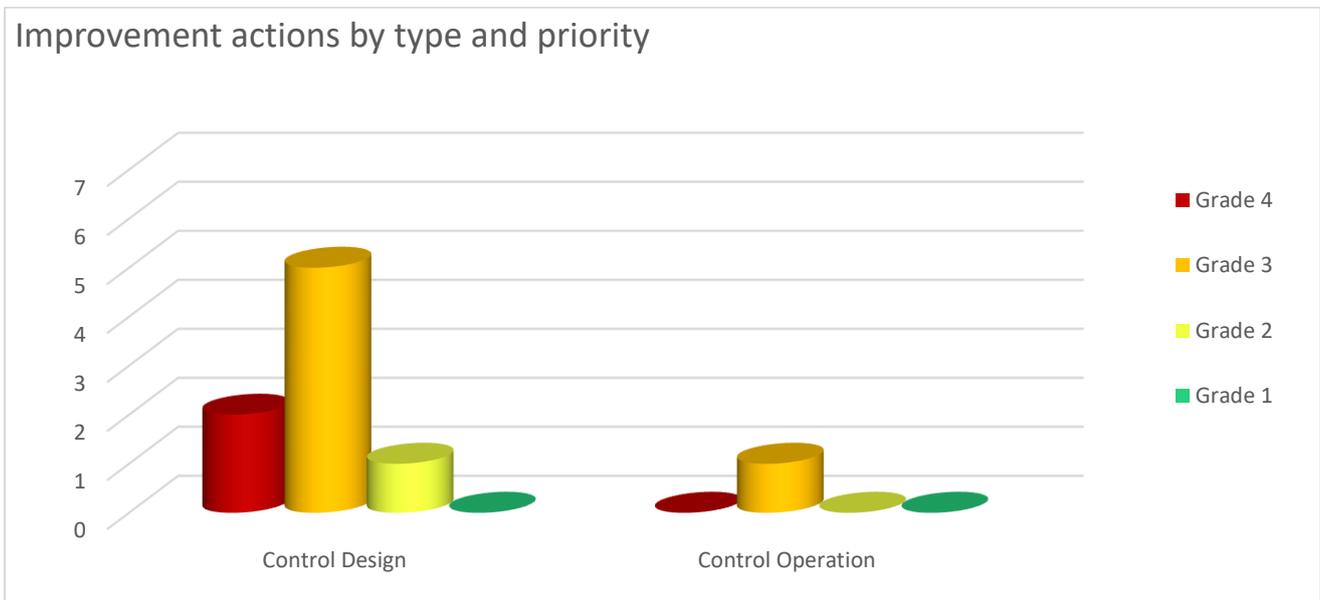
The short lead in time to developing the programme framework resulted in resources being directed to the immediate need i.e. ‘delivery phase’ whilst planning to address the gaps in the framework. Management therefore identified the need for a review of the controls and processes in place to manage the Peatland Action fund within CNPA due to the evolving nature of the programme framework, in particular the full-service approach. They felt independent input would help to ensure that controls continued to evolve in tandem with the changes to ensure that risks continued to be managed appropriately.

# Control assessment



- 1. Scottish Government stipulations have been identified and built into the CNPA Peatland Action fund processes.
- 2. Appropriate mechanisms and controls are in place to identify, appraise and agree projects to take forward within the programme, with projects formally approved prior to commissioning.
- 3. CNPA confirms that claims submitted meet eligibility criteria and are reviewed and approved prior to payment.
- 4. There is appropriate documentation in place to support the grant awards, monitoring and payment activities.
- 5. There is sufficient monitoring and reporting to management on project progress, with appropriate scrutiny and follow up action taken when required.

## Improvement actions by type and priority



Nine improvement actions have been identified from this review, eight of which relate to the design of controls. See Appendix A for definitions of colour coding.

# Key findings

## Good practice

CNPA's procedures reflect good practice in a number of areas:

- There is a project underway to identify all peatlands within the Cairngorms National Park boundary, which will support the prioritisation and targeting of activity for the most benefit within the Peatland Action Fund Programme.
- We confirmed that delegated authority approval processes are in place for the approval of new projects within the programme. In particular, we noted that there is supporting documentation for projects above the CNPA authority that are approved by the Scottish Government.
- In respect of current processes, we found that where Project Officers are identifying gaps, they are proactively developing their own tools and documents and sharing these within the team in an attempt to continually improve and ensure consistency.
- The Peatland Action Programme is utilising some learning and documents from other projects/programmes (e.g. NatureScot and Heritage Horizons and LEADER at CNPA) to improve the scheme approach and processes. This shows a good commitment to learning from best practice across the sector and to continuous improvement.

## Areas for improvement

We have identified a number of areas for improvement that, if addressed, would strengthen CNPA's control framework. These include:

- Carrying out a risk assessment of the adopted full-service approach and implementing mitigating actions to manage this within the risk appetite/tolerance of the CNPA Board. CNPA should also consider obtaining legal advice regarding any potential liabilities related to the full-service provision, clarifying roles and responsibilities and seeking reimbursement of Prior Notification costs from grantees.
- Documenting the programme requirements, ensuring that an appropriate suite of guidance and templates are in place for each stage of the process from initial application to project closure.
- Implementing set criteria for application appraisals, ensuring there is adequate segregation of duties.
- Developing a communications approach that supports delivery of the current and future programme requirements, taking into account resourcing capacity.
- Implementing a governance structure that allows CNPA to direct the strategic programme and provide assurance over the Peatland Action programme.

These are further discussed in the Management Action Plan below.

## Impact on risk register

The CNPA corporate risk register included the following risks relevant to this review:

- Risk A11.1: Resourcing: Role as Lead / Accountable body for major programmes (e.g. LEADER, Landscape Partnership) has risk of significant financial clawback should expenditure prove to be not eligible for funding, while CNPA carries responsibilities as employer for programme staff.

Whilst we do not consider the risk of clawback as a significant issue at this time, our report has identified significant risks to the organisation due to its approach in implementing the Peatland Action Programme, including potential liabilities with undertaking the full-service approach, the inconsistency or lack of documentation being utilised to manage projects and the governance arrangements in place.

In addition, there are inherent fraud risks in all grant funding processes that are not currently being well-mitigated due to a deficiencies in key counter-fraud controls and poor administrative procedures. The level of fraud in the economy has increased in recent years and CNPA's counter-fraud approach should reflect that. There is therefore a risk of reputational damage to CNPA should fraud occur, which may be heightened where that fraud was able to be perpetrated due to a lack of due diligence over the distribution of public funds.

We recommend management consider and fully document the key risks to CNPA from the Peatland Action Programme, taking account of the issues highlighted in this report, escalating within the risk framework as appropriate.

## Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

# Management Action Plan

Control Objective 1: Scottish Government stipulations have been identified and built into the CNPA Peatland Action fund processes.



## 1.1 PA Programme set up

CNPA provided a proposal to the Scottish Government to administer the grant scheme from 2021/22 for an initial three-year period. This proposal was refined, and funding confirmed in November 2020.

The September 2020 proposal confirmed some elements of the scheme expectations and set up. This included the 'full service of support for land managers' which we confirmed has been implemented, however others such as the 'Peatland Project Panel covering governance and grant assessment/approvals' has not yet been put in place. The evolving programme has outpaced these plans and therefore do not provide sufficient clarity on the roles of the Peatland Action Team nor the operational and strategic governance.

In addition, we noted a number of other key aspects of both the governance of the overall programme and the grant funding process itself that were either not in place or had not been clearly documented. These include:

### Programme governance

- The relative roles and responsibilities of CNPA, Scottish Government and other Peatland Action partners within the programme.
- Performance targets, short-and long-term outcomes and outputs linked to the strategic aims of the Peatland Action Programme. While we note there are currently two KPI's focussed on restoration and finance, additional KPI's related to impact on the environment, new supplier entrants etc are not documented.
- A monitoring, reporting and management framework including an internal communications approach. CNPA's current approach is internally focussed and does not address report to Scottish Government or other Peatland Action Delivery Partners.

### Grant funding process

- Separate templates and approval processes for requesting financial approval for projects both within and outwith CNPA's delegated authority limits (we evidenced the same process in use for all projects irrespective of value which is not in line with the current process design).
- A clear process on how to handle variations to individually funded project costs including when variations letters and new grant offers will be used as well as reduced final payments and potential write-offs.
- Variation of arrangements to scheme – such as who makes such decisions and what documentation is required when the Scottish Government is providing additional funding or imposing restrictions on how a specific element of the funding can be spent.

- Delegated financial/decision making framework, specifically around project assessment and approval and also including escalation (linked to MAP 4.1 on a lack of evidence of key steps).

## Risk

There is a risk of ineffective processes and unclear stakeholder expectations, due to scheme requirements not being clearly communicated and documented, negatively impacting relations with the Scottish Government and resulting in ineffective Peatland Action Programme arrangements.

## Recommendation

Management should document the scheme requirements, ensuring that this is representative of the arrangements currently in place or in development, and communicate these clearly to staff.

### Management Action

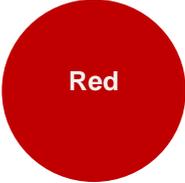
Grade 3  
(Design)

Agreed. We have increased management capacity within the peatland team with effect from Spring 2022 and will deploy elements of this increased management capacity in documenting and communicating peatland programme processes and requirements.

**Action owner:** Head of Service, Land Management, with Peatland Action Programme Managers

**Due date:** November 2022

## Control Objective 2: Appropriate mechanisms and controls are in place to identify, appraise and agree projects to take forward within the programme, with projects formally approved prior to commissioning.



Red

### 2.1 Full-Service Support

The September 2020 CNPA proposal to the Scottish Government on creation of the funding programme identified that a full-service approach would be taken. We have been advised by CNPA staff that this decision was taken as a result of NatureScot, who managed the single Peatland Action Programme prior to 2021/22, identifying that the project management service provided externally had not been as effective and this had impacted the programme outcomes.

CNPA's proposal identified that Project Officers would provide support to land managers in designing/scoping a project, survey/mapping, drafting grant applications, assisting in tendering for contractors, site supervision of contractors, project management and drafting reports and grant claims. Although there is a grant offer letter with associated terms and conditions, there is no formal agreement between CNPA and the potential grantee for the services being provided and therefore roles, responsibilities and liabilities are not clearly documented.

We note that this approach was implemented, to address delivery of hectares in the short term, though without a formal risk assessment being undertaken. Our work has highlighted that this approach to programme delivery does expose CNPA to a number of risks, including:

- Project Officers approving applications and claims that they have created, and therefore appropriate segregation of duties and independent challenge to applications are not in place, though we note Manager oversight during the grant award process. This is a fundamental counter-fraud control. (MAP 2.5)
- A potential legal liability for areas overseen by Project Officers, for example health and safety accidents, failure to deliver the expected outcomes or unintended impacts on other parts of the site.
- A potential legal liability for CNPA for instructing contractors on behalf of landowners when no formal agreement between the landowner and CNPA is in place.
- As CNPA is providing a service not expected as part of their remit, there may implications on the VAT status of the organisation. (We understand that the VAT liability will be considered as part of an upcoming VAT audit being organised by the Director of Corporate Services).
- The potential resourcing pressure on staff to support any increase in the number of projects (MAP 2.4), particularly if there is an 'open call' for projects.

#### Risk

There is a risk that the approach being used for the Peatland Action programme is creating risks to CNPA outwith the risk appetite of the organisation, as the approach was developed without a full risk assessment, leading to increased financial and legal liabilities in addition to non-compliance with expected good practice in grant scheme design.

## Recommendation

Management should document the risks associated with the full-service approach and put mitigating controls in place to manage this within the risk appetite/tolerance of the CNPA Board. This should include obtaining legal advice in relation to the potential liabilities related to the full-service provision and award of contracts on behalf of the landowners.

Roles and responsibilities of each of the parties subject to the full-service approach should be documented and communicated prior to services being provided. We recommend this is split by each step in the process, e.g. pre-application, application, project management and post project monitoring.

### Management Action

Grade 4  
(Design)

Agreed. Management are aware that the required delivery of activities 'on the ground' needed to secure the peatland restoration objectives of the programme are far beyond the original grant giving powers on which the operations were originally based. Hence this audit has been commissioned in part to provide clear understanding of the direction of work to be undertaken. We have commissioned legal advice in parallel with the conduct of this internal audit review in order to establish a suite of documentation to establish a more explicit, clear and formal relationship between the Cairngorms NPA, the land managers who are taking forward projects, and the contractors.

We will document the risks around the full-service approach and establish the extent to which the legal advice and documentation developed mitigates those risks and whether any residual risks remain. In the event of any residual risk, we will develop a follow up action plan to resolve any more minor matters.

**Action owner:** Director of Nature and Climate Change

**Due date:** September 2022 for legal advice and implementation; December 2022 for risk mapping and action plan to address residual risk.

## 2.2 Contract Awards

As part of the full-service approach CNPA Project Officers can undertake procurement exercises on behalf of the landowner, including development of statements of requirements, publication of tender opportunities, assessment of tender submissions, award recommendations and drafting contract awards.

It is the responsibility of the landowner to agree an appropriate contractual arrangement with the successful contractor as the contractual relationship is between the landowner and the contractor, with the landowner being responsible for issuing the contract award. The general terms and conditions attached to the Grant Awards state that CNPA must receive copies of all contract awards.

In two (Carn Deag sub-site B and Cairn Geldie) of the four projects reviewed the Project Officers could not confirm whether this had been issued. Through discussions with Project Officers we confirmed that land managers do not always advise CNPA that they have awarded a contract to the successful contractor following the tender exercise. In practice therefore, when the project moves into delivery stage the Project Officer may be verbally awarding a contract when liaising with the contractor to arrange site works etc.

### Risk

There is a risk CNPA instruct contractors on behalf of landowners without a formal contract in place, resulting in a potential legal liability for CNPA.

### Recommendation

Management should ensure that contract award responsibility is included within MAP 2.1 and CNPA Project Officers obtain contract awards before liaising with contractors.

### Management Action

Grade 3  
(Operation)

Agreed. Peatland programme managers have received an explicit instruction to ensure contracts have been awarded and signed off as received by CNPA prior to authorisation to interact on post-procurement project delivery as an immediate control to this risk.

More generally, contract award and “full service” activities outwith grant application and grant award processes including post-procurement processes such as contractor engagement will be included in control structures as covered under MAP 2.1 (previous recommendation).

**Action owner:** Deputy Chief Executive for instruction to enforce terms and conditions requirements for assurance of contract in place between land manager and contractor

**Due Date:** August 2022

**Action owner:** Head of Service, Land Management with support from Peatland Action Programme Managers

**Due Date:** September 2022

## 2.3 Prior Notifications

Permitted development rights apply to works carried out on land to restore peatland. All such projects require the Prior Notification of a 'peatland restoration scheme' to the planning authority. Although the cost of each application is minimal<sup>1</sup>, as is the number CNPA have submitted on behalf of landowners (approximately 12 at the time of fieldwork), CNPA is currently absorbing the cost of this. The costs are not covered in the grant offer template or terms and conditions.

This approach is inconsistent as landowners undertaking their own project management pay for Prior Notifications themselves and this is not reimbursed by CNPA through the grant offer

### Risk

CNPA are incurring additional costs as a result of the Prior Notification application costs not being reimbursed.

### Recommendation

CNPA should ensure the consistent treatment of Prior Notification costs, meaning that those should be reimbursed if incurred by CNPA and appropriately reflected in grant offer letters.

#### Management Action

Grade 2  
(Design)

Agreed. Grant application and wider services agreements processes and timelines will be reviewed in order to ensure the timing of prior notification applications can be appropriately accommodated in eligible grant awards and / or services agreements. It is noted that the Cairngorms NPA receives a resource allocation for delivery of peatland restoration activities in addition to the capital allocations which cover grant awards to land managers. It is equally possible that use of the resource allocation for peatland restoration to cover the costs of these prior notifications is a more straightforward and administratively less burdensome approach to ensuring prior notifications are in place to support projects in development.

**Action owner:** Peatland Action Programme Managers

**Due date:** November 2022

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<sup>1</sup> £78 - The Highland Council

## 2.4 Communication

### Landowners

It would not be unusual for a grant scheme to have Expressions of Interest or hold 'open calls' for grant applications. The Peatland Action Team have therefore developed an Expression of Interest template for this purpose, though this has not yet been used. The strategic direction of Peatland Action Programme is not yet defined (MAP 1.1) and therefore it is unclear whether an 'open call' will be required. Until such time as a decision is taken the awareness of the Peatland's programme may be impacted. In addition, the Peatland Action Team have highlighted that they are already working at full capacity servicing the current projects, which would need to be addressed if an 'open call' is implemented (MAP 2.1)

Whilst the Peatland Action Team are aware of the landowners within the National Park, there is currently a lack of clarity over all peatland sites, nor is intelligence on understanding and willingness of each site owner to engage with the restoration programme. We note that a project to identify the peatland sites and status within the National Park boundary is underway and this may therefore allow CNPA to take a more targeted and managed approach to communications which would support better resource management, however the approach to communications is yet to be considered in this context.

The CNPA website includes detail on the Peatland Action Programme that mainly covers the purpose of the scheme in supporting the recovery of Peatlands. A scheme contact at CNPA is provided however the details are included in the context of the NatureScot Peatland Action Programme and haven't yet been updated to reflect that CNPA are now offering grants to landowners within the National Park boundaries.

### Contractors

Further, there is no information on the CNPA website, e.g. new entrant supplier form or other information outlining that new entrants (contractors) are being sought to increase the delivery of peatland restoration. CNPA is liaising with Highlands and Islands Enterprise (HIE) on this issue but given the lack of available contractors to undertake this work nationally it is vital that CNPA communicate their requirements for new entrants either through their intranet or existing social media activities.

### Risk

There is a risk that the information available on the Peatland Action Programme is insufficient to obtain engagement of landowners and potential new contractors, impacting the ability of the CNPA to deliver the programme outcomes. In addition, there is a risk that CNPA does not have capacity to offer the 'full service' approach to all the potential projects if an 'open call' to communications is used, increasing the likelihood of risks occurring and impacting the overall project and programme outcomes.

### Recommendation

Management should develop a communications strategy for the programme, including a review of the CNPA website and awareness raising activities for the Peatland Action Programme and consider how the work to identify peatland sites will inform the communication activities undertaken.

Further, management should take a strategic decision on whether an 'open call' approach will be taken in the future and fully document the capacity and processes required to fully support this approach.

## Management Action

Grade 3  
(Design)

The value of this recommendation is recognised for the medium to long term success of the programme.

The initial approach to delivery of the peatland restoration programme has been necessarily driven by shorter term goals: establishing and reviewing the in-house team; securing good delivery against initial programme objectives of areas of restoration achieved and utilisation of financial resources made available; and developing procurement approaches while supporting the development of contractor capacity in this new area of the “green economy”. These drivers have been essential in order to validate the recognition of Cairngorms Peatland Action as a viable area and secure longer-term resourcing while contributing to the development of this economic sector nationally.

The timing of a more comprehensive communications strategy for the programme, including any decision to make an open call for projects, needs to be carefully judged against the capacity of the staff team to plan and importantly meet any expectations of stakeholders established by the strategy. With the ongoing review and recruitment to the team, this area of longer-term approach will be considered over the end of the current operational year.

**Action owner:** Head of Land Management

**Due date:** April 2023

## 2.5 Project Appraisal

Applications are made on a template document which can be drafted by the Landowner, Land Agent or CNPA Project Officer. The applications are then assessed by the CNPA Project Officer. As such, where the application has been drafted by the Project Officer it can then also be assessed by the same individual, meaning there is no segregation of duties in place at the project appraisal stage (though we did note that there is management oversight of team activity by the Peatland Action Manager). As the application forms are subsequently signed by the landowner, we were unable to substantiate this during our testing, however Project Officers confirmed that this was the case during discussions.

During our testing we noted that the assessment is unique to each project application, with no set funding criteria or assessment of how the project fits into the overall strategic direction of the Peatland Action Programme. We found that with projects being assessed on an inconsistent basis, there were varying degrees of information and rigour supporting different applications. It is acknowledged the CNPA have been faced with contractor supply difficulties alongside landowner engagement issues, meaning the decision has been more about who is willing and is there a contractor available in order to deliver the expected target Hectares.

We are aware that a set of draft funding criteria has been developed by CNPA but is yet to be implemented.

### Risk

There is a risk that applications are not assessed consistently, aligned with the strategic direction of the Peatland Action Programme, nor independently verified, as supporting processes are not in place, leading to failure to achieve the programme objectives.

### Recommendation

Management should finalise and implement the funding criteria for application appraisals. This criteria should be signed off at a level where strategic programme decision making occurs.

Where the CNPA Project Officer has completed the application or been involved in the pre-application stage of the project, the application should be assessed and approved by either the Peatland Action Programme Manager or another Project Officer to ensure segregation of duties is in place and an appropriate level of independent challenge takes place.

#### Management Action

Grade 3  
(Design)

Agreed.

The team will seek to establish a set of transparent criteria for assessment of peatland restoration project applications, which should as a minimum assist the team in prioritising workloads and help stakeholders understand our programme delivery objectives.

We will ensure there are appropriate and evidenced division of responsibilities between the team in conduct of decision making.

**Action owner:** Peatland Action Programme Managers

**Due date:** March 2023

## Control Objective 3: CNPA confirms that claims submitted meet eligibility criteria and are reviewed and approved prior to payment.



Yellow

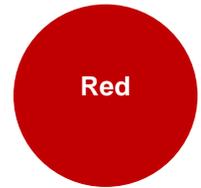
### No reportable weaknesses identified

Claims are made on a template document by the Landowner or Agent. The claim form includes questions and cost breakdowns to ensure that sufficient information is provided to determine eligibility (e.g. is it in line with the Grant Offer and Project Outputs/Outcomes). The form is reviewed by the CNPA Project Officer, who may have also prepared the claim and associated documentation (as highlighted as an issue under MAP 2.5).

We tested two projects with claims (three claims in total) and found that these were submitted on the relevant forms, with associated documentation to support the claim. We confirmed that the forms had been authorised by the Peatland Action Programme Manager and escalated to the appropriate individual with Delegated Financial Authority for sign off. We note however (as discussed in MAP 4.1) that CNPA is yet to finalise the guidance and requirements for submitting a claim as well as the expectations around supporting documentation.

Although we found the claims tested to have been supported with relevant documentation and approvals, the impact of the segregation of duties issues at the project appraisal stage increases the associated risks of ineligible payments which are not in line with the overall scheme priorities. Therefore, we have assessed the overall control objective as yellow.

# Control Objective 4: There is appropriate documentation in place to support the grant awards, monitoring and payment activities.



## 4.1 Templates, processes and key controls

We found there to be some evidence of learning from other CNPA grant scheme programmes such as Heritage Horizons and LEADER along with learning from the NatureScot Peatland Action Programme used in the design of the Peatland Action Fund Programme.

Whilst all grant applications and award documentation was reviewed by legal advisors, there were gaps in Senior Manager oversight (Director and Head of Service roles vacant for a period) which resulted in the programme developing based on the experience of the Peatland Action Programme Manager; with limited engagement with the wider organisation for advice on existing practices and lessons learned. We noted a number of risks relating to the approach adopted in MAP 2.1 and found that the grant process has evolved to meet the basic needs of delivering the hectareage identified in the programme outcomes at short notice.

We noted that development and improvement activity has been ongoing during the period of the audit, however our testing found that:

### Programme Management

- A documented grant process and associated procedures were still being developed, meaning that:
  - Highlight reports including risk register and lessons learned log are not yet in place.
  - Segregation of duties are not in place.
  - A delegated decision-making framework and team action tracker were not being kept up date or used in practice.
  - The programme project tracker did not clearly identify which projects were at the various stages of the process.
  - A contract award was not evident in two cases we reviewed (Mar Lodge Cairn Geldie and Tulchan Carn Dearg sub-site B).
  - The application for one project (Mar Lodge Cairn Geldie) was not evident in our testing.
  - Delegated Authority approval was not evident in two projects (Mar Lodge Cairn Geldie and Atholl Clunes Beat).
  - There were gaps in the audit trail of key documents and decisions in each of the five projects reviewed (Tulchan Cairn Dearg Sub Site B, Mar Lodge Cairn Geldie, Atholl Clunes Beat, Glenfeshie An Eilrig and Abernethy An Lurg).
- The funding eligibility criteria was in draft.
- Making the grant process documentation available to the public was noted as an outstanding action on the Project Team action tracker.

### Pre-Application

- The Expression of Interest process was in development with associated forms in draft format.

- Construction (Design & Management) Regulations 2015 (CDM) templates were in place, however there were multiple documents some of which are not used.
- A number of documents were in place, but in multiple formats including a Project Scoping process and associated documents, Template Statement of Requirements and tender evaluation matrix.
- Technical guidance, e.g. Spatial data submission (GIS), was not in place or is still being developed.
- Communication, decision making, and other documented evidence of ongoing engagement and site visits were in place, though these varied in quality and format depending on the project and Project Officer.

### Application

- Application assessment criteria (funding criteria) and associated sign off by the Project Officer (checklist) were in draft format.

### Project Management

- Template interim reports were in draft.
- Site work progress updates were in place, though the format was variable.
- Claim guidance in relation to expenses, non-eligible items, supporting reports or other evidence e.g. photos, project manager certification, receipts for expenses, timesheets were not in place. A monthly claim summary report was in place, however, the format was variable.

### Project Closure

- A template final report, including lessons learned, was not in place.
- Final claim guidance was not in place.
- A closure letter affirming the expectations of longer-term management of the site and any records, was not in place.

### Risk

There is a risk that the grant processes are not adequate to ensure that the Peatland Action Programme is managed efficiently and effectively, due to lack of documented and agreed processes/templates, which increases the likelihood of resourcing pressures, reputational damage and programme objectives and outcomes not being maximised.

### Recommendation

CNPA should ensure that the minimum controls, processes and documentation identified below are in place and being used:

- Programme Management Framework – documented grant information which includes file management structure, delegated authority framework, reporting arrangements including post programme auditing, funding criteria, project variation arrangements, appropriate roles and responsibilities which takes

account of segregation of duties and delegated decision-making framework. (Linked to MAP 1.1 and MAP 5.1)

- Programme Management Templates and Tools – template highlight reports and a programme tracker that shows the stage of the grant process for each, a programme risk register, a lessons learned log that is added to as the programme progresses, a prioritised action tracker with action owners and timescales, a communication plan and along term action planner including auditing of closed projects (where necessary). (Linked to MAP 1.1 and MAP 5.2)
- Pre-application Templates – process documents including project scoping documents, CDM templates, Prior Notification application form/ link and submission report, template design brief, expression of interest forms for grants, and procurement documentation (statement of requirements that meets procurement standards, weighted evaluation matrix, contract and associated terms and conditions).
- Pre-application Processes – documentation supporting an appropriate audit trail of communications, engagement and decision making.
- Application Templates – template application form, funding assessment criteria, timeline for grant assessment, assessment form which allows sign off by Project Officer and another individual within the team (not financial authority), template grant offer/letter of intent and supporting terms of reference, template letter rejecting application. (Linked to MAP 2.5)
- Project Management – a claim form, associated guidance on supporting documents required along with the claim form, a template interim report and a template variation letter.
- Project Closure – a final claim form, associated guidance on the supporting documents required along with the claim form, template final report which should include lessons learned, template closure letter identifying grantee legacy requirements and auditability, internal closure process including updating programme trackers, closing files, updating finance etc.

The Peatland Action Programme Manager should seek confirmation from the Peatland Team on the effectiveness of the current arrangements at their regular team meetings to identify further improvements or consider alternative approaches.

Management should also review existing files to ensure that there is a sufficiently clear audit trail of the key steps to date.

### Management Action

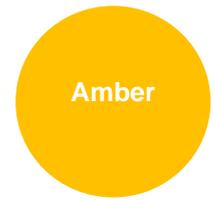
Grade 4  
(Design)

Agreed, there is an urgent need to consolidate the team's processes and procedures and to evolve and finalise those aspects of procedures not yet in place. The team has been restructured to move to two Programme Managers rather than one in order to provide additional management capacity to ensure the internal systems can be developed at a pace to match the external delivery demand.

**Action owner:** Head of Service with Peatland Action Managers

**Due date:** February 2023

**Control Objective 5: There is sufficient monitoring and reporting to management on project progress, with appropriate scrutiny and follow up action taken when required.**



## **5.1 Governance – monitoring and reporting**

As highlighted in MAP 1.1 the proposal for the Peatland Action Programme identified a 'Peatland Programme Panel covering governance and grant assessment/approvals' and we confirmed this is not in place, nor is a substitute forum operating.

There has been some operational oversight via the line management chain and the Director of Corporate Services (finance related, with elements of legal, governance and process) during the programme set up and the Board, commencing in October, have received reports on the programme via the Performance Committee. However, as noted in the recent audit of Assurance Mapping of Major Projects/Programmes the information provided was not adequate to provide assurance over the Peatland Action Programme. The current governance arrangements are not therefore considered sufficient to provide strategic direction and oversight to the Peatland Action Programme.

Further, while ad hoc finance reports have been provided, there is no clarity on whether formalised reporting to the Scottish Government is required, though this action is on the Peatland Action Programme Team Action Tracker

### **Risk**

There is a risk that the governance arrangements in place for the Peatland Action Programme are insufficient to provide effective assurance over programme finances, outcomes and risks to operational, board and external stakeholders.

### **Recommendation**

Management should implement a governance structure which is able to direct the strategic direction of the programme and provide assurance over the delivery of programme. The committees/panels/boards within this structure should have formal terms of reference which clearly outline their respective responsibilities and attendance and reporting requirements.

In addition management should seek confirmation on Scottish Government reporting expectations, beyond regular and ad hoc financial reports, e.g. outcomes, management of risk etc, with the documented expectations being defined per MAP 1.1.

Grade 3  
(Design)

### Management Action

Agreed that as a new and significant programme of work the internal governance arrangements and structures need to be set out in order to clarify roles and responsibilities for establishing and managing the delivery of the peatland restoration programme.

**Action owner:** Director of Nature and Climate Change with Head of Land Management

**Due date:** November 2022

## 5.2 Programme management and monitoring

The Peatland Action Programme Tracker lists all projects whether at pre or post application stage. The information provided tracks key elements required to be completed, such as tender processes, Prior Notifications etc. We found the tracker lacked sufficient information on the progress with the core grant process e.g. whether an offer been made and accepted, whether claims had been made against the project etc. These key steps should be tracked as part of programme management processes.

We noted that Peatland Action Programme Team meet every two weeks to discuss ongoing work. The team have an action tracker to track progress with agreed actions, however we noted that there are a number which have not been signed off as resolved (19 high risk actions with only one confirmed as closed, 20 medium risk actions with only four closed) and the document does not appear to have been updated since October 2021. We also noted that the responsibilities framework for the Project Team did not align with the individuals providing updates within the team tracker.

### Risk

There is a risk that the arrangements to manage the programme and ensure that actions are completed is not kept up to date, due to a lack of administrative support and Project Officer capacity, and as a result high risk actions are not addressed in a timely manner, impacting the delivery of the Peatland Action Programme outputs and outcomes.

### Recommendation

Management should update the programme monitoring tools to provide sufficient information to manage the programme effectively including detailing progress with each of the stages within the core grant process for each project. Programme and action trackers used in other major projects/programmes could be used as a guide. In addition, arrangements should be put in place to ensure relevant programme and action trackers data is included in reports to the agreed governance structure recommended in MAP 5.1.

Management should also review the actions within the Peatland Action Team action tracker to ensure it is reflective of the current position and review the capacity of the Project Team and the availability of additional supporting resources to ensure that the prioritised actions are completed in an appropriate timeframe

#### Management Action

Grade 3  
(Design)

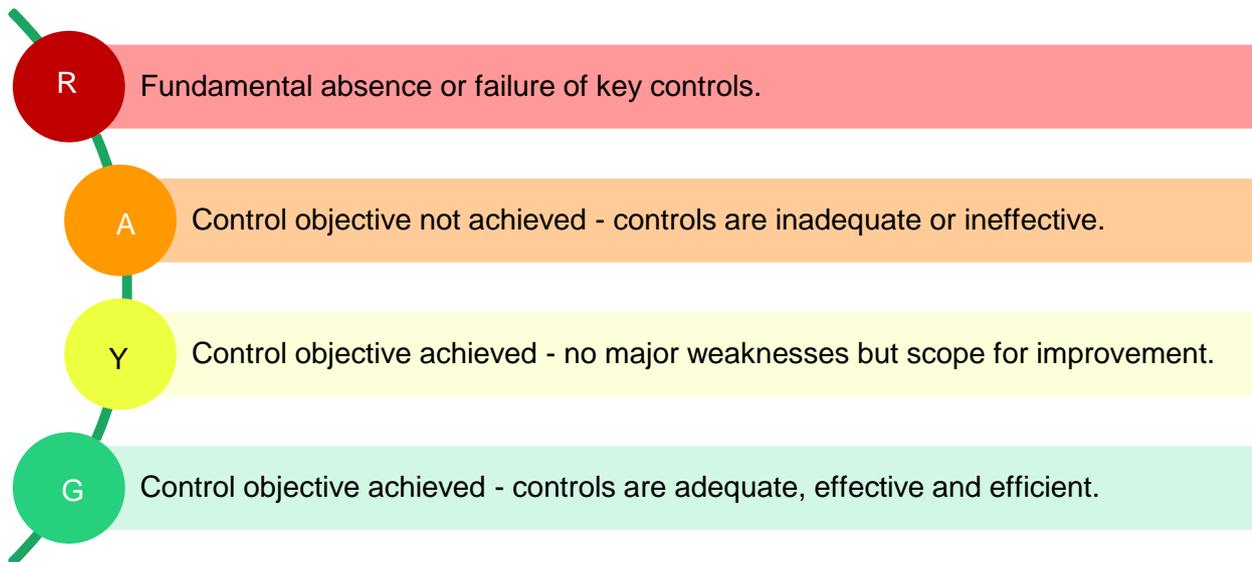
Agreed, there is an urgent need to consolidate the team's processes and procedures and to evolve and finalise those aspects of procedures not yet in place. The team has been restructured to move to two Programme Managers rather than one in order to provide additional management capacity to ensure the internal systems can be developed at a pace to match the external delivery demand.

**Action owner:** Peatland Action Programme Managers

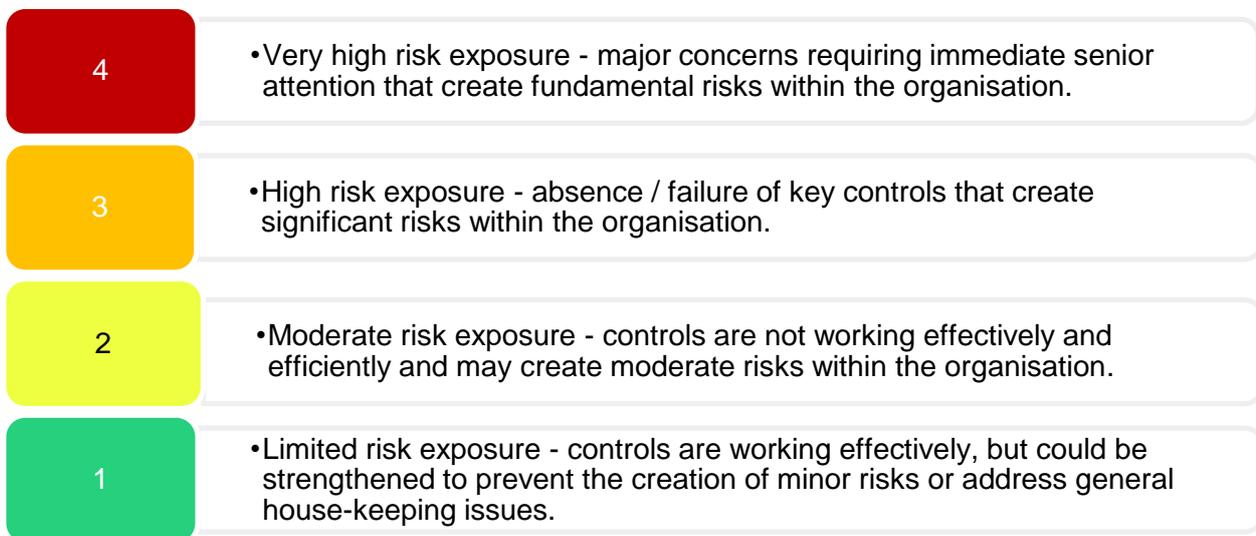
**Due date:** October 2022

# Appendix A – Definitions

## Control assessments



## Management action grades



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