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# Cairngorms National Park Authority
Internal Audit Annual Report
2024/25

May 2025

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# Introduction

The Global Internal Audit Standards (GIAS) state that:

"The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.

The results of internal audit services can include

- Engagement conclusions.
- Themes such as effective practices or root causes.
- Conclusions at the level of the business unit or organisation."

To meet the above requirements, this Annual Report summarises our conclusions and key findings from the internal audit work undertaken at the Cairngorms National Park Authority (CNPA) during the year ended 31 March 2025, including our overall opinion on Cairngorms National Park Authority's internal control system.

## Acknowledgement

We would like to take this opportunity to thank all members of management and staff for the help, courtesy and co-operation extended to us during the year.

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# Overall internal audit opinion

## Basis of opinion

As the Internal Auditor of CNPA, we are required to provide the Audit and Risk Committee with assurance on the whole system of internal control. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control.

In assessing the level of assurance to be given, we have taken into account:

- All reviews undertaken as part of the 2024/25 internal audit plan;
- Any scope limitations imposed by management;
- Matters arising from previous reviews and the extent of follow-up action taken including in year audits;
- Expectations of senior management, the Audit and Risk Committee and other stakeholders;
- The extent to which internal controls address the client's risk management /control framework;
- The effect of any significant changes in CNPA objectives or systems; and
- The internal audit coverage achieved to date.

In my professional judgement as Chief Internal Auditor, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions are based on the conditions as they existed at the time of the audit. The conclusions are only applicable for the entity examined. The programme of work undertaken and evidence gathered is compliant with the Global Internal Audit Standards and is sufficient to provide senior management with appropriate assurance from the work of internal audit.

## Internal Audit Opinion

In our opinion, CNPA has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.

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**May 2025**

# Internal audit work performed

## Scope and responsibilities

### Management

It is management's responsibility to establish a sound internal control system. The internal control system comprises the whole network of systems and processes established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:

- risk management;
- the effectiveness of operations;
- the economic and efficient use of resources;
- compliance with applicable policies, procedures, laws and regulations;
- safeguards against losses, including those arising from fraud, irregularity or corruption; and
- the integrity and reliability of information and data.

### Internal auditor

The Internal Auditor assists management by examining, evaluating and reporting on the controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, the Internal Auditor should:

- analyse the internal control system and establish a review programme;
- identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner;
- report findings and conclusions and, where appropriate, make recommendations for improvement;
- provide an opinion on the reliability of the controls in the system under review; and
- provide an assurance based on the evaluation of the internal control system within the organisation as a whole.

## Conformance with Global Internal Audit Standards

We confirm that our internal audit service conforms to the Global Internal Audit Standards. This is confirmed through our quality assurance and improvement programme, which includes cyclical internal and external assessments of our methodology and practice against the standards.

A summary of the results of our most recent external assessment is provided at Appendix 2.This EQA was undertaken in February 2023 against the 2017 International Internal Audit Standards (predecessor to GIAS).

### Independence

GIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members involved in each 2024/25 internal audit review were independent of CNPA and their objectivity was not compromised in any way.

# Planning process

Our strategic and annual internal audit plans are designed to provide the Audit and Risk Committee with assurance that CNPA's governance, risk management and internal control system is effective in managing the key risks.  The plans are therefore informed by CNPA's risk management system and linked to the Strategic Risk Register.

The Strategic Internal Audit Plan was agreed in consultation with senior management and formally approved by the Audit and Risk Committee.

The Annual Internal Audit Plan is subject to revision throughout the year to reflect changes in CNPA's risk profile. During the course of the year management requested that the review of shared services be replaced with a review of recruitment as a result of ongoing discussions with shared services providers on updating agreements. In addition, a review of Cyber Security was requested to be deferred to 2025-26 due to ongoing work regarding obtaining Cyber Essentials plus.  These changes were approved by the Audit and Risk Committee in November 2024.

We planned our work so that we have a reasonable expectation of detecting significant control weaknesses.  However, internal audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures.

## Cover achieved

The 2024/25 Internal Audit Plan comprised 59 days of audit work and we completed 51 days, with the difference related to the deferral of the cyber security review. A comparison of actual coverage against the 2024/25 plan is attached at Appendix 1.

We confirm that there were no resource limitations affecting our ability to meet the full audit needs of CNPA and no restrictions were placed on our work by management.
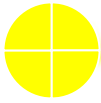
We did not rely on the work performed by a third party during the period.

## Reports

We prepared a report from each review and presented these reports to the Audit and Risk Committee. The reports are summarised in the table below.

Where relevant, all reports contained action plans detailing responsible officers and implementation dates.  The reports were fully discussed and agreed with management prior to submission to the Audit and Risk Committee.  We made no significant recommendations that were not accepted by management.

Summary of reports by control assessment and action grade

| Review | Control objective assessment | No. of issues per grading | | | | |
|---|---|---|---|---|---|---|
| | | 4 | 3 | 2 | 1 | Advisory |
| Cairngorms 2030 |  | - | - | - | - | 1 |
| Operational and Financial Planning |  | - | - | 4 | - | |
| Recruitment |  | | | 2 | 1 | |

The audit definitions are outlined in Appendix 3.

## Progress in implementing previous internal audit actions

Management have continued to make excellent progress in implementing agreed actions from internal audit reports. We reviewed the 38 actions on the action tracker and obtained sufficient evidence to close 17 (45%) actions and one (2%) action was closed as it was superseded.  Of the 20 remaining actions, 17 (85%) are partially complete and three (15%) are incomplete.



**Status of Recommendations**

- Complete 45%
- Partially complete 45%
- Incomplete 7%
- Superseded 3%
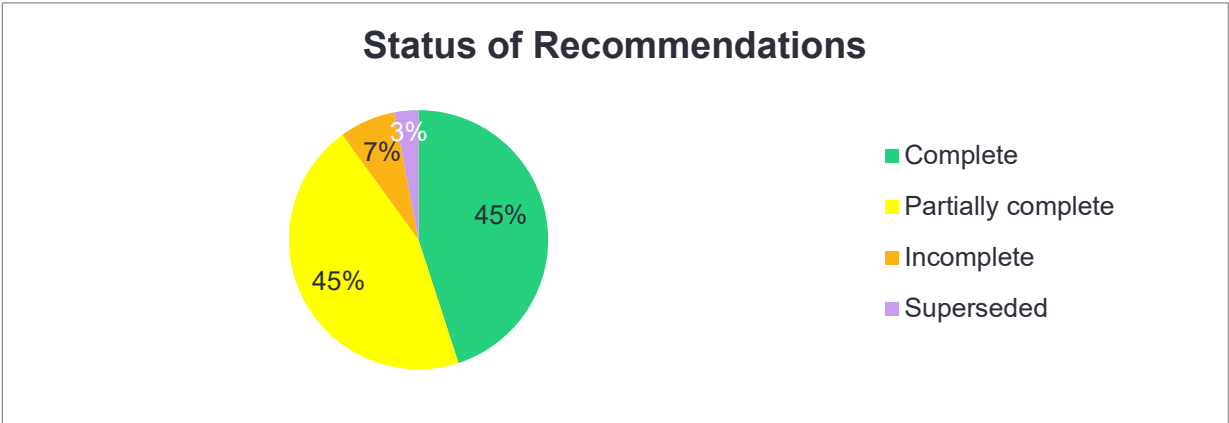
## Key themes from audit work in 2024/25

### Cairngorms 2030

Our audit confirmed that a detailed plan for the delivery phase of Cairngorms 2030 was presented and approved by the Board in December 2023, ahead of the delivery phase which started in 2024. There was clear reporting protocols outlined within the Cairngorms 2030 Programme Report. Discussions with Non-Executive Directors highlighted that reporting primarily focussed on previous programme activities and did not provide any forward-look. As a result, we raised an advisory recommendation to undertake periodic horizon scanning/risk identification exercises with the Board to consider any potential issues which may impact the delivery of Cairngorms 2030.

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## Operational and Financial Planning

Our audit confirmed that Cairngorms National Park Authority has established clear processes for financial and operational planning to ensure approved plans are in place before the start of each financial year. We confirmed that these plans align with the relevant objectives of the Corporate Plan, and that the financial and staffing resources were considered to achieve these objectives.

We also confirmed that annual scenario planning is conducted at the request of the Scottish Government, based on expected budgets, and includes consideration of three distinct scenarios. However, we noted that these scenario are not reported internally to those responsible for governance, and management does not regularly update long-term financial projections to reflect the Corporate Plan 2023/27 and the National Park Partnership Plan 2022-27.

In addition, the audit highlighted that regular updates on progress and performance against both operational and financial objectives are provided to Board and Committees. To strengthen these arrangements, Cairngorms National Park Authority could implement action logs to track the completion of actions.

## Recruitment

Our audit of recruitment highlighted that Cairngorms National Park Authority is guided by a comprehensive Recruitment and Selection Policy with job descriptions consistently drafted by line managers and assessed by HR to ensure they expected information. A job evaluation is completed by the Head of Organisational Development and approved by the Deputy CEO before job advertisements are posted. We raised three low risk improvement areas which would further strengthen the existing controls in place which included ensuring documentation to evidence the approval to recruit for a role is consistently retained and ensuring the Recruitment and Selection Policy is subject to a regular review cycle.

# Appendix 1 – Planned v actual days 2024/25

| Ref and Name of report | Planned Days | Actual Days |
|---|---|---|
| Cairngorms 2030 | 11 | 11 |
| Operational and Financial Planning | 14 | 14 |
| Recruitment | 10 | 10 |
| Cyber Security | 8 | - |
| Follow Up | 5 | 5 |
| Internal Audit Management and Administration | 2 | 2 |
| Audit needs analysis – Strategic and Operational Planning | 3 | 3 |
| Audit and Risk Committee planning, reporting and attendance | 3 | 3 |
| Contract Management | 2 | 2 |
| Annual Internal Audit Report | 1 | 1 |
| Total | 59 | 51 |

# Appendix 2 – Summary of Quality Assurance Assessment

As part of our regular quality assessment procedures, we commissioned an external quality assessment (EQA) against the Institute of Internal Auditors (IIAs) International Professional Practices framework (IPPF) and, where appropriate, the Public Sector Internal Audit Standards (PSIAS).

We are pleased to disclose the outcome of this assessment as we believe it is important to provide you with assurance that the service you receive is of a high quality and fully compliant with internal audit standards. Outlined below are extracts from our most recent external quality assessment undertaken in February 2023.

## External Quality Assessment summary

### Executive Summary

*I am pleased to report that there are no material governance, methodology or practical issues that are impacting Azets Risk Assurance's overall conformance with the Institute of Internal Auditors (IIAs) International Professional Practices framework (IPPF).*

*Internal Audit have achieved the highest level of conformance with the Standards, as well as the Definition, Core Principles, and the Code of Ethics, which form the mandatory elements of the IPPF, the global standard for quality in Internal Auditing. The Institute describe this as "Generally Conforms".*

*This is an excellent result and is based on an extensive EQA covering the team's approach, methodology, processes, and an extensive sample of engagement files. The EQA assessor is an experienced, former Chief Assurance Officer and current Audit Committee Chair.*

### Conformance Opinion

*The IPPF/PSIAS includes the Mission and Definition of Internal Auditing, the Core Principles, Code of Ethics, and International Standards. There are 64 fundamental principles to achieve, with 118 points of recommended practice.*

*I am delighted to confirm that Azets Risk Assurance generally conform with 62 of these 64 fundamental principles. This is an excellent result. Furthermore, there are no areas of 'partial' or 'non-conformance' with any of the remaining fundamental principles.*

***The overall assessment resulting from the EQA is that Azets Risk Assurance "generally conforms to the International Professional Practices Framework".*** *The term "generally conforms" is used by the IIA to represent the highest level of achievement and performance.*

*I include a summary of Azets Risk Assurance's conformance to these fundamental principles below. Overall, I believe that Azets Risk Assurance has achieved an excellent performance given the breadth of the IPPF, and the diverse work and activity the team undertakes.*

| Summary of IIA Conformance | Standards | N/A | Does not Conform | Partially Conforms | Generally Conforms | Total |
|---|---|---|---|---|---|---|
| Definition of IA and Code of Ethics | Rules of conduct | | | | 12 | 12 |

| Summary of IIA Conformance | Standards | N/A | Does not Conform | Partially Conforms | Generally Conforms | Total |
|---|---|---|---|---|---|---|
| Purpose | 1000 - 1130 | | | | 8 | 8 |
| Proficiency and Due Professional Care | 1200 - 1230 | | | | 4 | 4 |
| Quality Assurance and Improvement Programme | 1300 - 1322 | 1 | | | 6 | 7 |
| Managing the Internal Audit Activity | 2000 - 2130 | | | | 12 | 12 |
| Engagement Planning and Delivery | 2200 - 2600 | 1 | | | 20 | 21 |
| Total | | 2 | 0 | 0 | 62 | 64 |

## Our response

The review identified a number of areas for future consideration to further enhance our internal audit practices. We welcome these findings and as such, a detailed action plan will be put into place to address the areas for further development.

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# Appendix 3 – Definitions

## Control Objective Assessment Definitions

**R** — Fundamental absence or failure of key controls.

**A** — Control objective not achieved - controls are inadequate or ineffective.

**Y** — Control objective achieved - no major weaknesses but scope for improvement.

**G** — Control objective achieved - controls are adequate, effective and efficient.
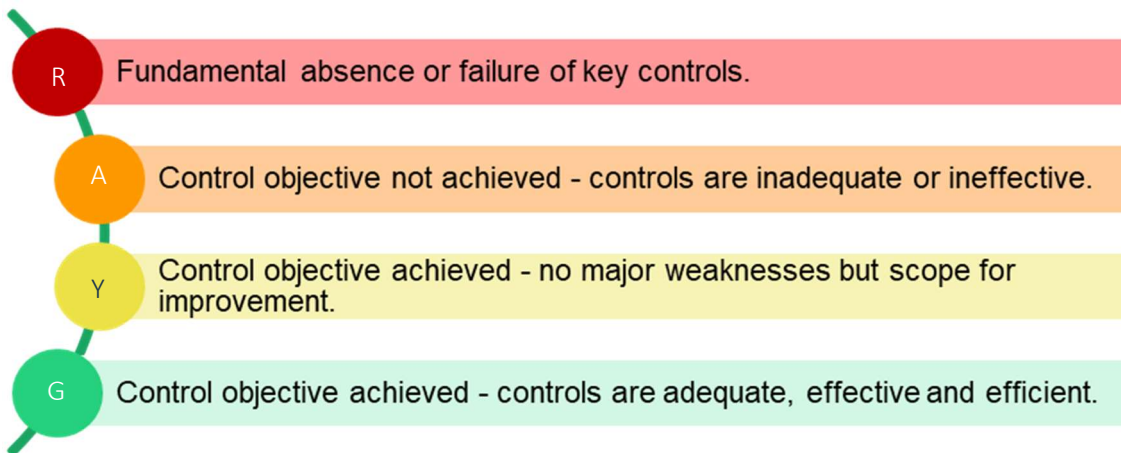
## Management Action Prioritisation Definitions

**4**
- Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.

**3**
- High risk exposure - absence / failure of key controls that create significant risks within the organisation.

**2**
- Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.

**1**
- Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

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