

EUROPARC FEDERATION INTERNAL AUDITOR

INTERNAL AUDIT REPORT TO COUNCIL, MAY 2012

Introduction

1. This report presents the internal auditor's comments to the Europarc Council at its meeting in May 2012.
2. The report presents some background on previous audit work undertaken for the benefit of new Council members and also to highlight issues remaining from previous reports.
3. The report also highlights more recent activity undertaken to support the Council and comments on issues raised by my observation of current activities.

Outstanding Audit Recommendations

4. The full internal audit report presented to the Council and General Assembly in September 2011 is presented at Appendix I to this report for background information.
5. This Appendix highlights the considerable amount of work that was done over the last few years by the Council, the Director and staff in improving systems and addressing audit recommendations. There are only a few outstanding audit recommendations that are still to be addressed or fully completed. Areas of work that remain to be completed, or to have decisions taken that no further action should be taken, are:
 - a. Establishing measurable key performance indicators (KPIs) in line with the Council's objectives to give a clear assessment of whether the Federation is achieving the targets set by Council and agreed by the General Assembly.
 - b. Implement a more structured method of reporting the work of sections and other areas of the Federation to the Council, to help integrate work of Federation as a whole.
 - c. Consider development of agreed delivery plans with sections to help integrate their work with wider objectives of Federation.
 - d. Ensure most recent available financial information is presented to each meeting of the Council to ensure Council members are fully informed on and involved in financial management issues.

- e. Consider formation of a Finance Committee to help support the financial management responsibilities of the Treasurer and Director.
 - f. Review role of internal auditor to remove reference to authorisation of final accounts and confirm focus on ensuring sound business processes are in place and advising on wider strategic planning and organisational development processes.
6. Council members should consider what action, if any, should be taken on these audit recommendations.

Strategic Risks

7. The Strategic risk register set out at Appendix 2 to this report highlights the risks to delivery of the Federation's objectives identified by staff and Council in 2010 and managed over the course of the last two years.
8. Many of these risks have been acted on. For example, the fee structure was considered in some detail by Council and adapted in order to remove the risk identified at number 17 of the risk register.
9. From a brief review of the risk register, it does seem that many of the risks remain valid for the current operation of the Council.
10. Council members should consider how it wishes to take forward work on identifying and addressing key risks. This should be combined with work on determining future strategy for the Federation.

Recent Internal Audit Activity

11. Internal audit work since the last general assembly has been limited to providing advice on the ongoing work with Eurosite in considering a single European representative body for protected areas and protected area managers.
12. Advice has been given on the type of information that should be shared by both organisations in order to disclose financial health of each organisation and provide key information to assist in development of a business plan to support the proposed establishment of a single organisation.
13. Advice has also been given to the Director and those members of the Council engaged in discussion with Eurosite in the Joint Committee on a process I have suggested should be followed in progressing with the development of a single organisation.

14. At present, my observations are that the move toward developing a single representative organisation remains motivated by a general agreement in principle between both Europarc and Eurosite and a general belief that this is the right thing to do.
15. However, there appears to have been no work to develop a business case to prove the operational and financial viability of the proposal and support future activity. A detailed business case should be developed to clarify and draw out the risks and financial consequences of various potential scenarios and to determine whether, on balance, a single body represents a viable operational proposal.
16. I also note that there does not appear to have been an open sharing of information between the parties on the current financial and operational standing of both organisations. This is of some concern to me in significantly limiting the information available to both organisations to consider the detail and potential consequences associated with a proposed merger.
17. In my role as auditor, I feel I will have to report my concern to the General Assembly that the approach to development of a single representative organisation is not being taken forward in a fully considered way, if it continues to be progressed without a detailed business case drawn up to support the project.
18. I also take this opportunity to highlight to the Council a risk that the ongoing focus on the proposed merger / development of a single representative organisation diverts attention of Council and staff from the core business of the Federation and results in failure to deliver core objectives. It is for the Council members and Director to comment on whether this is a risk that needs to be recognised and acted upon.

Future Audit Activity

19. Any comment from Council on future work by the internal auditor in the remaining period to the General Assembly in October is welcome.

David Cameron, 16 May 2012