

General Assembly Documents

Report of Internal Auditor

22nd September 2011



EUROPARC INTERNAL AUDITOR'S REPORT

INTERNAL AUDIT REPORT TO EUROPARC GENERAL ASSEMBLY 2011

Section 1: Introduction

1. As Internal Auditor to the Europarc Federation, appointed by the General Assembly, my responsibility is to undertake an independent review and assessment of the effectiveness of the Federation's governance and management processes.
2. This is the third year of my appointment as Internal Auditor to the Europarc Federation.

Section 2: Internal Audit Plan

3. The Internal Audit Plan was approved by the Council at its meeting in Comacchio in January 2009. The plan proposed a focus for internal audit activity on the following aspects of the Europarc Federation's processes:
 - a. Governance: review the governance arrangements for the Federation in light of the outcomes and recommendations of the Governance review, and consider what structures, processes and controls may need to be put in place moving forward.
 - b. Strategic and Long-term Planning: consider how the Federation's objectives and targets are set; how performance and progress in achieving these targets is monitored; what arrangements are put in place to improve or correct performance when this is required.
 - c. Risk Management: support the Director and Council in undertaking a risk management review of the Europarc Federation's strategic objectives and seek to ensure that appropriate action plans are in place to manage these areas of risk.
 - d. Financial Management: review performance against budget and review provision of and adequacy of financial management information to senior managers and the Council.
4. I reported to General Assembly in 2009 that the above audit plan had been completed, with the exception of risk management. An initial audit report highlighting recommendations for future consideration was issued and approved by the General Assembly in Stromstad. There had not been enough time to complete this work in 2009 and I proposed to undertake it in 2010.
5. My internal audit work with the Council and Headquarters staff in 2010 concentrated on completion of a strategic risk management assessment, together

with a follow up of action taken take on recommendations for improvement adopted in 2009.

Section 3: Work Undertaken to Deliver Internal Audit Plan

6. The internal audit work priorities set out at point 3 remain relevant as a focus for my work during 2011.
7. During 2011, I have been involved in the following:
 - a. Attended Council meeting in Pescasseroli, Italy, to review and advise on governance and financial management arrangements;
 - b. Assisted in development and implementation of a financial reserves policy;
 - c. Presented report to 2010 General Assembly;
 - d. Finalised the risk management assessment;
 - e. Attended Council meeting in Schwerin, Germany to review and advise on governance and financial management arrangements;
 - f. Attended joint Council and Eurosite meeting in Schwerin to offer advice on options around future joint working;
 - g. Attended joint Council and Sections meeting to review arrangements for development of new long-term plans for the Federation and contribute to initial discussion on options for future priorities.
 - h. Finalised report to General Assembly.
8. An estimated 10 days have been contributed in delivering internal audit work to the Europarc Federation in the period to August 2011.
9. As in previous years, I have not undertaken a detailed review of the final accounts, as I believe this work has already been undertaken by the statutory auditor. To have undertaken a further review of the accounts would have duplicated this effort and been a poor use of very limited internal audit time available.

Section 4: Strategic Risk Management

10. The aim of the work undertaken on strategic risk management is to identify those risks that may impact on the ability of the Europarc Federation to achieve its agreed mission and objectives. Once identified, those responsible for the management of the Federation's business are able to determine actions to be taken in order to remove or reduce the risk, and through that ensure as far as possible that those risks highlighted do not stop key objectives being achieved.

11. Risks may not always be under the direct control of the Federation's staff or Council. As such, it is not always possible for action taken to remove the risk. Instead, action may be taken to reduce the likelihood of the identified risk from having an impact on delivery of the organisation's objectives, and / or to reduce the impact on the Federation should that risk be realised.
12. The process of establishing this register was reported to the General Assembly at its meeting in 2010. The final result of this work is the establishment of a Strategic Risk Register. This is now presented to the General Assembly at Appendix 1 to this report.
13. The Strategic Risk Register was adopted by the Council at its meeting in the Netherlands in May 2010 incorporated 17 high level, or strategic risks. Responsibility for managing and monitoring the impact of these risks is also identified in the register.
14. The risk register now establishes a framework within which the Council and staff can focus on delivery of the objectives set out in the Federation's Mission. Ensuring that action is taken to either remove the risks identified or reduce their impact is intended to assist in establishing operations within the Federation that are better able to deliver objectives.
15. The Council has used the strategic risk register to help focus on the delivery of the objectives agreed in the Federation strategy. Directorate staff have also made use of the risk management process and strategic risk register to help in their consideration and redesign of internal processes and controls.
16. At the time of writing this report, the Council and Directorate staff are undertaking a review of the status of the adopted risks and whether further management action is required.

Section 5: Internal Audit Recommendations

17. The General Assembly agreed, as part of my internal audit report in 2010, that an update on action taken on previous recommendations should form a main element of the internal auditor's report in 2011.
18. Over the course of 2011, I have undertaken a review of actions taken on previous internal audit recommendations made. An update of action taken and my commentary on the status of these recommendations is set out at Appendix 2 to this report.

19. Appendix 2 also highlights two additional, follow-up recommendations for future consideration arising from my observation of activity over 2011. I expect these additional recommendations to be considered at future Council meetings.
20. The summary at Appendix 2 shows very good progress has been made by the Council and Directorate in considering recommendations and in implementing revised systems and operating procedures in order to improve the standards of governance, strategic planning and financial control. It has not been possible for the Council and Directorate to consider or implement some level of changes in only 1 of 21 instances of recommendations for improvement being made. In all other instances, changes have either been fully implemented or work is in progress.

Section 6: Next Steps and Future Internal Audit Work

21. I proposed last year that the main focus for internal audit work in 2011 should be on reviewing the internal financial and administration systems in the Federation headquarters.
22. That priority was overtaken to some extent by the request to participate in a joint meeting with Eurosite and offer advice on the discussions on options for future joint working.
23. The review of headquarters financial and administration systems therefore remains outstanding, and I would suggest remains a priority for future internal audit activity.
24. The review of any future discussions on development of joint working with Eurosite will also represent a priority for the appointed internal auditor in the coming year.
25. The development of a new draft Strategy for the Federation from 2013 together with appropriate governance, management, control and monitoring arrangements represents a further potential audit priority for 2012.
26. This, of course, will be a matter for the individual appointed as Internal Auditor for the next year to consider.

Section 7: EUROPARC Federation Accounts

27. In my report to General Assembly in 2009, I took the opportunity to question the appropriateness of internal audit involvement in presenting the accounts to the General Assembly. Given the amount of time likely to be available, at best the internal auditor will be able to report that final accounts have been prepared and subject to independent, external audit. It does not seem appropriate to use

resource of the internal auditor to seek to duplicate the work that an independent, external auditor is paid to do.

28. I have now included a further recommendation in the internal audit schedule to formally review the role of the internal auditor and to seek future General Assembly approval to any changes.

Section 8: Consideration

29. The internal audit work is provided to the Europarc Federation on a voluntary basis and is not paid for by the Federation, other than supporting necessary travel, accommodation and subsistence expenses.
30. The internal audit recommendations and advice are given in good faith and represent the views and opinions of the appointed internal auditor. It is for the paid officers and appointed members of the Council to determine whether and to what extent these views are to be adopted and implemented within the business processes of the Europarc Federation.
31. No liability whatsoever for any consequences arising from the implementation of these recommendations rests with either the Internal Auditor as an Individual, or with the Cairngorms National Park Authority as the employer of the internal auditor.
32. Cairngorms National Park Authority, Scotland, and Loch Lomond and the Trossachs National Park Authority, Scotland, has provided an amount of in-kind financial support to the Europarc Federation in my delivery of this internal audit work, and I take this opportunity to acknowledge this support.

Section 9: Recommendations

33. The General Assembly is asked to accept this report from the Internal Auditor.
34. The General Assembly is asked to endorse the Next Steps proposed at points 23 to 26 of this report.

David Cameron,
28 July 2011

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