

National Park Authority

Audit Committee Meeting

Agenda Item 5



Report on Internal Audit of Project Management 2014/15

Paper for decision

1. Background

- 1.1 The internal audit of project management was completed by KPMG in November 2014.
- 1.2 The report from KPMG outlining their findings is attached as Appendix 1.
- 1.3 This report shows five low rated recommendations, one moderate and one high, as well as a number of areas of good practice. The high recommendation is explained in more detail below.
- 1.4 The report also makes some suggestions for added value and these have been considered as part of the management responses.

2. High Recommendation Finding

- 2.1 The high recommendation identified relates to the completion of project initiation documents (PIDs) prior to the commencement of projects. In all three projects that KPMG reviewed they noted that in each case the PID was completed and approved after the project had commenced.
- 2.2 A 'high' recommendation rating is defined as follows: "Issue presents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives".
- 2.3 Examples of the business impact are: potential financial impact of 0.5% - 1.0% of total expenditure, serious diminution in brand value, probable decrease in the public's confidence in the Authority.
- 2.4 It requires "prompt management action", "executive management attention" and a detailed plan to be put in place within 60 days. 'Substantial improvement' is expected within 3-6 months.
- 2.5 In accordance with the requirements shown in 2.4 above this high rated recommendation was reported to the Executive team during December and an action plan was agreed for implementation prior to 31st January 2015.
- 2.6 The PID process has been reviewed and simplified to ensure completion prior to commencement. The revised process was communicated to all operational managers and Heads of Service on 27th January 2015. The revision to the PID process has also incorporated several of the other findings raised. Further training will take place during the next four months to ensure that the new process is fully embedded in the organisation.
- 2.7 Whilst it is clearly disappointing to have received a high rated recommendation in relation to project management, the Executive team are confident that we have responded to this finding in a timely and appropriate manner and we have reminded all managers of the importance of following our internal procedures.

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2.8 This issue was discussed briefly at the Delivery Group committee meeting in February 2015 and Delivery Group members were pleased to note that the recommendations were being progressed and that the Audit Committee would get a more detailed analysis of the findings

3. Recommendation

- 3.1 Members are invited to note the contents of the reports and endorse the management responses noted therein.
- 3.2 Members are invited to note the executive and management response to the high rated finding and endorse the action taken.

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