

## Governance Statement

### Governance Framework

1. The Accountable Officer has responsibility for maintaining a sound system of internal control that supports the achievement of Cairngorms National Park Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which he is personally responsible. These responsibilities are in accordance with the Management Statement agreed between the Park Authority and Scottish Government. In discharging this responsibility the Accountable Officer is held accountable by the Park Authority's Board, and by Scottish Ministers.
2. The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety. An element of my responsibility as Accountable Officer is to ensure the Park Authority's internal control systems comply with the requirements of the SPFM.
3. The Management Statement sets out the central role of the Park Authority's Board in the leadership and governance of the organisation. The governance responsibilities of the Board are supported by Standing Orders last revised and adopted in 2014; a Code of Conduct revised and adopted in 2014; a group of professional, senior staff advisors and appropriate Board training and development processes.
4. Other than the resource allocation letters issued to me over the course of the year, there are no other written authorities provided to the Accountable Officer in 2017/18 beyond those documents referred to above.

### The Operation of the Board and Sub-committees

5. The full Board meets regularly to consider items of business in pursuance of its strategic objectives, set out in the approved Corporate Plan. Meetings are scheduled quarterly, with additional meetings convened as required. Agendas and papers are published and placed in the public domain and meetings are open to public attendance wherever possible.
6. In addition to these full formal meetings, Board members have also given their time to participate in a number of informal discussion sessions in which emerging policy issues and proposals can be discussed and a preferred strategic direction identified prior to fuller, open consideration at formal meetings.

### Corporate Governance

7. Since the Park Authority's inception, the Board has put Committees in place and delegated responsibility to oversee and scrutinise the Park Authority's deployment and management of resources, with both a Finance and Delivery Committee and a Staffing and Recruitment Committee in place. The Board has also put a Planning

Committee in place to deal with all aspects of the Cairngorms National Park Authority's statutory planning responsibilities.

8. The Park Authority's Audit and Risk Committee leads on the oversight of all aspects of the organisation's internal management control systems, the process of annual accounts and audit, and, in addition, takes a lead on strategic risk management. The Committee takes responsibility for ensuring that risk potentially impacting on the organisation's strategic objectives are identified and acted upon and that risk management approaches are embedded throughout the organisation's operations.
9. The Audit and Risk Committee is supported by the Park Authority's internal and external auditors, who also have rights of independent access to the Committee and to its Convener. The Audit and Risk Committee is tasked with monitoring the operation of the internal control function and bringing any material matters to the attention of the full Board. Detailed findings of all audit reviews are made available to both management and the Audit and Risk Committee. The Audit and Risk Committee meets quarterly and reports annually to the Board on the adequacy and effectiveness of the Park Authority's internal controls, and more widely on the work of the Audit and Risk Committee during the preceding year.
10. The Board has continued a process of self-evaluation of effectiveness and governance over the course of 2017/18, these processes having been initiated under the "Leadership" element of the first Organisational Development Strategy in 2015/16. Over the course of 2017/18, the Board has specifically reviewed its attendance and remuneration policy and undertaken a skills matrix self-assessment. Other elements of Board governance and effectiveness are reviewed and supported by senior officers as questions or relevant matters arise.
11. The Board has also adopted a set of Corporate Performance Indicators through which to improve its oversight of delivery against key strategic objectives and monitor achievement of the Park Authority's Corporate Plan. The Board receives a detailed report twice each year on delivery against the Corporate Plan and National Park Partnership Plan priorities and the delivery against performance indicators adopted.
12. Periodic reports from independent internal and external auditors form a key and essential element in informing my review of the effectiveness of the systems of internal control within the Park Authority. The Board's Audit and Risk Committee also plays a vital role in this regard, through its consideration of audit recommendations arising from reviews of internal control systems and its scrutiny of proposed management action to address any improvements required.

#### Shared Services Delivery

13. The Authority plays an important role to local communities and external entities in the provision of key support services which help a range of organisations deliver against National Park Partnership Plan priorities. These support arrangements are delivered to the Outdoor Access Trust for Scotland, Cairngorms LEADER Programme Local Action Group and Tomintoul and Glenlivet Landscape Partnership amongst others. Increasingly, our management and internal control arrangements must ensure that support for these entities are adequately separated from the core

activities of the Authority, while ensuring operating processes developed specifically for these external support services adhere to best practice.

### Internal Audit

14. The internal audit function is an integral element of scrutiny of the Park Authority's internal control systems. BDO LLP was appointed as the Park Authority's internal auditors in 2016 as a culmination of a joint procurement of internal audit service delivery led by Scottish Natural Heritage. As internal auditors, BDO have undertaken a comprehensive review of key internal control systems since their appointment. Over the course of the year to 31 March 2018, the internal auditors have reported to the Audit and Risk Committee on their independent reviews of:
- the LEADER Programme administration,
  - Tomintoul and Glenlivet Partnership Project support mechanisms,
  - grant funding arrangements and their management,
  - Information and Communications Technology controls,
  - governance,
  - grant funding and management,
  - digital communications and social media strategy, and
  - project management.
15. In addition, the external auditors have reviewed key systems, to form a view on the effectiveness of control arrangements and support their audit opinion on the financial statements. Recommendations made as part of this process have been taken on board and actions taken where appropriate.

### **Best Value**

16. The Audit and Risk Committee continues to monitor the Authority's adherence to Scottish Government Best Value guidelines. We launched and commenced delivery of phase two of our Organisational Development Strategy in 17/18 aimed at further improving the Authority's processes and services, amongst other priorities.

### **Risk Management**

17. All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with the relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.
18. The Board recognises the importance of risk management in the activities of the organisation. The Management Team led on the development of a revised Strategic Risk Register for the Authority during 2015 in the context of the 2015 to 2018 Corporate Plan adopted by the Board and Scottish Ministers. The resultant strategic risk register was adopted by the Board in December 2015. The strategic risk register records planned action taken to mitigate those risks identified and senior management responsibility for leading on mitigation of each risk area. The strategic risk register has continued to be reviewed and updated by Board, Audit and Risk Committee and Senior Management Team three to four times each year.

19. The Board's Audit and Risk Committee and Senior Management Team are involved in leading on embedding risk management processes throughout the organisation. Both these groups consider the management of strategic risk in line with the Risk Strategy and seek to ensure that the required actions to manage risk at a strategic level are appropriately reflected and incorporated in operational delivery plans. A revised Risk Management Strategy was adopted by the Audit and Risk Committee in 2016, with the Committee also receiving an internal audit report on the effectiveness of operations of risk management within the organisation in that year. This report gave both a good degree of assurance while highlighting the areas in which improvements could be made.
20. Through adoption of risk based monitoring reports for delivery of Corporate and Operational Plan objectives, National Park Partnership Plan delivery, and for wider assessment of organisational performance, the Board has provided leadership on the importance of risk management at the highest level within the organisation. Any increased risk to achievement of targets is assessed, reported to the Operational Management Group and Senior Management Team, and, where required, remedial action determined and implemented.
21. Management Team has commenced work toward refreshing the Strategic Risk Register in the context of the new Corporate Plan spanning 1 April 2018 to 31 March 2022 which will be presented to the Board in June 2018, and will be subject to the monitoring and update processes set out above thereafter.

## **Data Security**

22. Procedures are in place to ensure that information is being managed in accordance with legislation and that data is held accurately and securely. The Authority has had no reported or recorded instances of data loss over the course of the year.
23. Shared services arrangements with Loch Lomond and the Trossachs National Park Authority have been implemented to enhance the Authority's data back-up arrangements and improve overall data security.
24. In addition to taking action on improvement recommendations raised through our internal auditors' review of our Information Technology arrangements, work has been undertaken through the year in preparation for the implementation of the General Data Protection Regulation (GDPR) and also in line with the requirements of the Scottish Government's Cyber Security Action Plan.
25. The Authority's staff have also continued to work on our Records Management Plan implementation, while reviewing our strategic direction with regard to use and management of GIS data.

## **Conclusion**

26. The Accountable Officer is responsible for reviewing the effectiveness of the system of internal control. His review is informed by:

- a) The executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework and who provide assurance on systems within regular Management Team meetings;
  - b) Internal monitoring of control systems by staff against SPFM requirements;
  - c) The work of the internal auditors, who submit to the organisation's Audit and Risk Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
  - d) Comments made by the external auditors in their management letter and other reports.
27. The Park Authority has a professional Corporate Services Director in place, supported by a professional staff group, who provides senior management leadership on the financial management, internal controls and governance arrangements. The Accountable Officer takes assurance from the effectiveness of internal control systems, financial management and planning processes and risk management from the assurances received from the Corporate Services Director.
28. The Accountable Officer has also been advised on the implications of his review of the effectiveness of the system of internal control by the Board and its Audit and Risk Committee. Appropriate action is in place to address any weaknesses identified and to ensure continuous improvement of the system, although the internal auditors have concluded that the controls tested were found to be generally strong with suggestions for only minor improvements being made.
29. The internal auditor's annual report for 2017/18 states that, *[based on the work undertaken over the course of the year, the Authority's systems provide a reasonable basis for maintaining control and that the control framework provides reasonable assurance regarding the effective and efficient achievement of strategic objectives. (this element wording from 2015/16 to be replaced once BDO Annual Report agreed by Committee)]*