

Cairngorms National Park Authority  
INTERNAL AUDIT REPORT  
Strategic Planning  
November 2018

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial



# CONTENTS

Executive Summary	3
Observations	8
Appendices:	
I Staff Interviewed	9
II Definitions	10
III Terms of Reference	11






REPORT STATUS	
Auditors:	Scott Peterson
Dates work performed:	05/11/2018 - 07/11/2018
Draft report issued:	29/11/2018
Final report issued:	13/12/2018

DISTRIBUTION LIST	
Grant Moir	CEO
David Cameron	Director of Corporate Services
Audit & Risk Committee	

## Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

# EXECUTIVE SUMMARY

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)	
Design	 There is a sound system of internal control designed to achieve system objectives.	High	
Effectiveness	 The controls that are in place are being consistently applied.	Medium	
		Low	
		Total number of recommendations: 0	

## OVERVIEW

**Background**

As part of the 2018-19 Internal Audit Plan, it was agreed that Internal Audit would perform a review of the Strategic Planning process in place at Cairngorms National Park Authority (“CNPA”). The purpose of the review was to provide assurance to the Audit Committee and Management that the Strategic Planning arrangements, in relation to key strategic goals, objectives and the overall strategic plan, are well designed and operating effectively throughout the organisation.

The Partnership Plan 2017-2022 was published in 2017 and is the third five-year plan covering the last 15 years. The partners listed in the plan are approximately 49 organisations in the public, private, and charitable sector. It has been approved by Scottish Ministers and sets out how those responsible for Cairngorms National Park will coordinate their work to address the Park’s most important issues.

The strategic plan is known as the **Corporate Plan (2018-2022)**. It was published in 2018 and details the strategy designed to achieve the Partnership Plan. The **Organisational Development Strategy** was introduced in March 2014 and is updated during annual off site meetings (the next off site is scheduled for April 2019) with the input of the entire staff (80 FTE) and sets the proposed direction and vision for the organisation in relation to people. It is designed to develop the staff, leadership, culture, and provide direction in fulfilling the Corporate Plan.

The Partnership Plan indicates 5 strategies for the management plans of the Park: (1) Active Cairngorms - the outdoor access strategy (2) Cairngorms Nature - details the conservation priorities (3) Economic Strategy - establishes the economic priorities (4) Local Development - indicates the policies for land use planning (5) LEADER Local Development - sets the priorities for promoting community led local development supporting a sustainable rural economy.

# EXECUTIVE SUMMARY

## OVERVIEW

The Corporate Plan has an illustration on the first page demonstrating how the Corporate Plan aligns with the Partnership Plan. The priorities are: Conservation, Visitor Experience, and Rural Development. Active Cairngorms is a regional policy context under the Visitor Experience priority; Cairngorms Nature is a regional policy context under Conservation; and the remaining three strategies are regional policy contexts under Rural Development.

The Corporate Plan has a clear vision, mission, values, and strategies. It is available in hard copy and on the website.

Corporate Plan Vision: CNPA aims to provide leadership for the National Park and to tackle issues in the park in a collaborative way based on the Founding National Parks (Scotland) Act 2000.

National Park Vision: An outstanding National Park, enjoyed and valued by everyone, where nature and people thrive together.

Corporate Plan Mission: To lead the way in delivering for the Cairngorms National Park by:

- bringing people together towards a common purpose
- enhancing the park for everyone
- inspiring new generations to be park champions.

Corporate Plan Values: The CNPA is an open, inclusive, innovative and professional organisation that behaves with integrity. The CNPA will also operate in an environmentally friendly way that provides leadership in this area.

The Corporate Plan outlines the responsibilities by the key aims or priorities (Conservation, Visitor experience, and Rural Development). Each aim has a responsible Director and has key metrics. The staff are held accountable for delivering the metrics via incorporating them in the department and individual performance objectives.

The results in delivering against the Corporate Plan are discussed and reported in regular management meetings and at each Board meeting. The results are also formally reported in the Annual Review published on the website. It reiterates the strategic priorities, objectives, and metrics as set out in the Partnership Plan. It then details the results against for the reported year. The latest Annual Review was published in November 2018 and covers achievements in 2017/18.

# EXECUTIVE SUMMARY

## OVERVIEW

### Scope and Approach

The scope of our review was to assess whether:

- The strategic plan has articulated the vision, mission, values and strategies of CNPA, and it has been effectively communicated;
- Appropriate individuals and stakeholders have been involved in the formulation of the wider strategic objectives of the planning;
- Supporting strategies, for example, the Organisational Development Strategy, align to the strategic plan;
- The strategic plan contains clear objectives with measurable success indicators;
- Key Strategic goals have been articulated into actions that are set into a clear framework of delivery including timetables and delivery metrics;
- There is a framework in place to measure and report upon the achievement of objectives within the strategic plan.

Our approach was to conduct interviews and review documentary evidence of the strategic planning process. We evaluated the plans, processes, and strategies to identify whether they adequately address the risks involved in strategic planning. We also drew from testing performed in prior related internal audit engagements, specifically, Business Performance Management (July 2018) and Partnership Management (October 2018).

### Good Practice

The process for designing the Corporate Plan and Organisational Development Strategy was highly transparent and the entire CNPA staff (80 FTE) were engaged. It included a top down development from a strategic approach and a bottom up development from a delivery approach. The objectives from the plans and strategies are included in individual staff performance appraisals and each person understands how their different roles contribute.

The Corporate Plan breaks down the five year objectives from the Partnership Plan into achievable annual metrics. The progress towards accomplishing the metrics is reported in an annual progress report that is published on the website.

The diagram on the first page of the Corporate Plan provides a comprehensive and easy to understand illustration of the strategies, priorities, vision, and expected outcome. It demonstrates how the Corporate Plan, as well as other plans and strategies, contribute to accomplishment of the Partnership Plan as well as the overall Park vision.

Both the Partnership and Corporate Plans are professionally produced, attractive and easy to read.

# EXECUTIVE SUMMARY

## OVERVIEW

### Conclusion

We can provide substantial assurance over the design and operational effectiveness of the Strategic Planning process and controls in place.

# EXECUTIVE SUMMARY

## RISKS REVIEWED GIVING RISE TO NO FINDINGS OF A HIGH OR MEDIUM SIGNIFICANCE

- ✓ The strategic plan may not articulate the vision, mission, values and strategies of the Authority, or may not be effectively communicated;
- ✓ Appropriate individuals and stakeholders may not have been involved in the formulation of the wider strategic objectives of the business plan;
- ✓ Management plan strategies as set out in the Partnership Plan may not be aligned or included in the strategic planning;
- ✓ The Strategic Plan may not contain clear objectives with measurable success indicators;
- ✓ Key strategic goals may not have been articulated into actions that are set into a clear framework of delivery including timetables and delivery metrics;
- ✓ There may not be a framework in place to measure and report upon the achievement of objectives within the strategic plan.

# OBSERVATIONS

## 1. Utilise dashboards to tie Corporate Plan to Partnership Plan

The Corporate Plan should clearly align with the Partnership Plan's metrics, indicating the current progress and the current goal to reach the five year target.

The Partnership Plan (2017 - 2022) expresses the target metrics in terms of the ultimate goal at the end of year 2022. The Corporate Plan is expressing the same targets, but breaking them up per annum. For example, the Partnership Plan has a target of 5,000 Ha of woodland expansion by 2022. The Corporate Plan (2018/2022) has a target of 1000 Ha per annum.

Expressing the targets per annum without indicating the progress to date, might give the impression that the plans are out of synch. In our example, it could be interpreted that the Corporate Plan is only targeting 4000 Ha (readers may not know that the first 1000 Ha target was reached prior to the Corporate Plan's latest publication). A graph may be useful to demonstrate that these are in synch. The graph would show the progress to date, the current year target, and the five year objective.

## 2. Conflict with first aim (conservation) risk

The Partnership Plan states that if there is a conflict between the first aim (conservation) and the other aims, CNPA must give greater weight to the first aim. Given the potential variation in scenarios, it may be difficult to determine if there is indeed a 'conflict'; and it may be challenging to provide evidence that there was greater weight given to conservation.

This risk was tested in a court case in 2012 (2012 CSOH 153 XA158/10) where a conservation group appealed CNPA's decision to adopt a local plan that included allocations for dwelling houses. In the decision, Lord Glennie wrote: "It is for the CNPA, in the first instance at least, to consider whether there is or is not such a conflict...it should be emphasised that the obligation is to give greater weight to the aim of conserving and enhancing the natural and cultural heritage. That greater weight need not necessarily be decisive." Lord Glennie also noted that he had received helpful but lengthy written submissions by CNPA.

CNPA management indicated that the risks of conflict with the first aim are elaborated in papers presented to the Board or Planning Committee. The Board evaluates the likely outcome (including the possible outcome of a court challenge) in their decision making process.

The Board should note the 2012 case and monitor any other cases that arise with CNPA or other authorities to continue to enhance the risk assessment of likely outcomes as other first aim conflicts surface.










# APPENDIX I - STAFF INTERVIEWED

NAME	JOB TITLE
David Cameron	Director of Corporate Services
Grant Moir	Chief Executive
Murray Ferguson	Director of Planning and Rural Development

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

# APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# APPENDIX III - TERMS OF REFERENCE

## BACKGROUND



As part of the 2018-19 Internal Audit Plan, it was agreed that Internal Audit would perform a review of the Strategic Planning process in place at Cairngorms National Park Authority, including: reviewing the strategic plan, reporting on objectives in the strategic plan, key strategic goals have an action plan and delivery date.

## PURPOSE OF REVIEW



The purpose of the review is to provide assurance to the Audit Committee and management that the Strategic Planning arrangements in place in relation to key strategic goals, objectives and the overall strategic plan are well designed and operating effectively throughout the organisation.

## KEY RISKS



Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- The strategic plan may not articulate the vision, mission, values and strategies of CNPA and may not be effectively communicated;
- Appropriate individuals and stakeholders may not have been involved in the formulation of the wider strategic objectives;
- Supporting strategies may not align to the strategic plan;
- The Plan may not contain clear objectives with measurable success indicators;
- Key Strategic goals may not have been articulated into actions that are set into a clear framework of delivery including timetables and delivery metrics;
- There may not be a framework in place to measure and report upon the achievement of objectives within the strategic plan.


# APPENDIX III - TERMS OF REFERENCE

## SCOPE

The Scope of the review is to assess whether:

- The strategic plan has articulated the vision, mission, values and strategies of CNPA, and it has been effectively communicated;
- Appropriate individuals and stakeholders have been involved in the formulation of the wider strategic objectives of the planning;
- Supporting strategies, for example, the Organisational Development Strategy, align to the strategic plan;
- The strategic plan contains clear objectives with measurable success indicators;
- Key Strategic goals have been articulated into actions that are set into a clear framework of delivery including timetables and delivery metrics;
- There is a framework in place to measure and report upon the achievement of objectives within the strategic plan.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.



BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2018 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)

