

Cairngorms National Park Authority

Annual report on the 2011/12 audit



Prepared for the Cairngorms National Park Authority and the Auditor General
September 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Contents

Key messages	4
Financial Statements	4
Financial Position	4
Governance and Accountability	4
Use of Resources and Performance Management	4
Outlook.....	4
Introduction	5
Financial statements	6
Audit opinions.....	6
Accounting issues	6
Outlook.....	7
Financial position	9
Financial results	9
Financial planning to support priority setting and cost reductions	10
Outlook.....	11
Governance and accountability	13
Corporate governance.....	13
Prevention and detection of fraud and irregularities.....	14
Best Value, use of resources and performance	15
Management arrangements	15
National performance reports	17
Appendix A: audit reports	20
Appendix B: action plan	21

Key messages

Financial Statements

We have given an unqualified opinion on the financial statements of the Cairngorms National Park Authority ("the CNPA") for 2011/12. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by the Scottish Ministers.

Financial Position

The 2011/12 financial statements show a deficit of £0.012m. This is the difference between the net operating cost for the year as shown on the Statement of Comprehensive Net Expenditure (£5.165m) and the funding received from the Scottish Government (£5.153m). The CNPA's Statement of financial position shows net assets of £0.428m, a marginal reduction of £0.012m in comparison to 2010/11.

Governance and Accountability

From our review of the key controls within the main financial systems, we concluded that the CNPA's main financial systems have a good level of control. No significant risk exposure or weaknesses in internal controls were identified during our review. Our governance and accountability work also concluded that the CNPA has sound arrangements in place.

Use of Resources and Performance Management

The CNPA has an effective system of performance reporting in place and is currently developing a new framework for managing performance against its key corporate objectives. As part of developing the National Park Partnership Plan 2012-17, the CNPA has mapped the priorities in the Plan to the corporate and operational plans which will assist its delivery. The Park Authority's main strategic priorities have been clearly identified in its new Corporate Plan 2012-15 and translated into operational priority actions. Performance monitoring targets are currently being developed for each of its eight programmes of work to allow effective reporting on their progress to the Park Authority's Board.

Outlook

2011/12 saw a general weakening in the recovery from the 2008 global financial crisis, with growth in the Scottish economy remaining very muted and Scotland's public sector under continued financial pressure. There will be limited increases in funding, increasing cost pressures and demanding savings targets. These pressures will present a significant challenge to the CNPA in striving towards successful delivery of the outcomes identified in the new National Park Partnership Plan.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of the Cairngorms National Park Authority ("the CNPA"). The purpose of the annual audit report is to set out concisely the scope, nature and extent of the audit, and to summarise the auditor's opinions (i.e. on the financial statements) and conclusions and any significant issues arising. The report is divided into sections which reflect the extent of our public sector audit model.
2. A number of reports have been issued in the course of the year in which we make recommendations for improvements (Appendix A). We do not repeat all of the findings in this report, but instead focus on the financial statements and any significant findings from our wider review of the CNPA.
3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Management have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the CNPA understands its risks and has arrangements in place to manage these risks. The Accountable Officer and other members of the Board should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to the CNPA and the Auditor General and should form a key part of discussions with the audit committee, as soon as possible after the formal completion of the audit of the financial statements. This report should be available to the Scottish Parliament, other stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. This report will be published on our website after consideration by the CNPA and after the financial statements have been laid before parliament.
6. The management of the audited body is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
8. We are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements
 - the regularity of the expenditure and income.
9. Auditors review and report on, as appropriate, other information published with the financial statements, including the management commentary, annual governance statement and remuneration report. This section summarises the results of our audit on the financial statements.

Audit opinions

10. We have given an unqualified opinion that the 2011/12 financial statements give a true and fair view of the state of the CNPA's affairs and its net operating cost for the year.
11. The CNPA is required to follow the 2011/12 Government Financial Reporting Manual (the FReM) and we confirmed that the financial statements had been properly prepared in accordance with the FReM.
12. In our opinion, the audited part of the remuneration report had been properly prepared and the remaining elements of the remuneration report and management commentary were consistent with the financial statements. We also reviewed the Governance Statement and concluded that it complied with Scottish Government guidance.
13. In addition, we confirmed that the expenditure and receipts in the financial statements were incurred or applied in accordance with applicable legislation and Ministerial guidance.

Accounting issues

Accounts submission

14. The unaudited financial statements and supporting documentation were submitted for audit on 10 May 2012, nine days after the agreed date per the Annual Audit Plan. However, later submission was agreed with the audit team nearer the time and this had no effect on the delivery of the audit as the statements had still been provided a day before the start of the audit fieldwork, which was largely completed on 17 May 2012. The statements originally submitted were substantially complete and supported by comprehensive working papers.

Matters arising from the audit had been agreed with senior officers and included in a summary matter arising schedule, issued to the Accountable Officer on 29 May 2012.

15. We discussed matters arising on the last day of our audit fieldwork and agreed amendments to the financial statements with senior officers. The matter arising clearance process could be further improved next year by regular discussion of matters arising during our fieldwork visit.
16. The working papers, provided with the financial statements, were of a high standard. However, officers have agreed to provide an additional reconciliation schedule between the ledger and the financial statements for the 2012/13 financial statements audit. This will help the audit team confirm that all ledger entries had been appropriately included in the financial statements.

Presentational and monetary anomalies found in the unaudited accounts

17. With the exception of the additional remuneration report disclosures, outlined in our International Standard on Auditing (ISA) 260 report which was presented to the CNPA's Audit Committee in June 2012, there were no major changes required to the financial statements as a result of the audit process. A number of presentational changes were made as a result of our review of the disclosures required by the FReM.
18. The CNPA did not disclose any intangible assets in the 2011/12 financial statements. Whilst this is in accordance with the current Park Authority's policy, management have agreed to review the policy for 2012/13. The treatment of software, licences and development of Research Web Portal will be reviewed and considered for intangible asset disclosures.

Whole of government accounts/consolidation packs

19. The whole of government accounts (WGA) is the consolidated financial statements for all branches of government in the UK. The CNPA is not required to submit a consolidation pack, as the value of its gross income /expenditure and assets/liabilities are below the threshold for completion.

Outlook

Accounting and regularity outlook

20. No significant changes are currently expected to the reporting framework applicable to the CNPA (i.e. the FReM) for next year (2012/13). From 1 January 2013 the introduction of the following international financial reporting standards (IFRSs) will become effective:
 - IFRS 9 - financial instruments (replacing IAS39)
 - IFRS 10 - consolidated financial statements (replacing IAS27)
 - IFRS11 - joint arrangements (replacing IAS31)
 - IFRS12 - disclosure of interest in other entities (replacing IFRS12)
 - IFRS 13 - fair value

Governance outlook

21. At the Board meeting on 11 May 2012, the Chief Executive and Accountable Officer announced her intention to stand down after nearly ten years in the job. The recruitment process has started but the new Chief Executive is unlikely to be appointed before the end of this calendar year. Senior management changes in any organisation present a key risk to its operations. However, the risk is mitigated at the CNPA by the Chief Executive's early notification of her intention to stand down and therefore the lead time afforded to the Park Authority to put in place appropriate handover arrangements.

Action Point 1

Sustainability Reporting

22. From 2011/12, all relevant bodies were encouraged to produce a sustainability report in accordance with the Scottish Government's Public Sector Sustainability Reporting Guidance (January 2012). This guidance is non-mandatory, however it represents good practice and central government bodies were encouraged to adhere to it. The sustainability report should contain:
- a simple overview commentary covering a body's performance in the reported year along with an overview of forward plans
 - a table of financial and non-financial information covering the body's emissions, waste, water and any other finite-resource consumption for the financial year to which it relates.
23. Public bodies in Scotland are bound by the Climate Change Public Bodies Duties set out in Part 4 of the Climate Change (Scotland) Act 2009. Whilst the Act does not require reporting on the duties, the Public Bodies Duties Guidance encourages a voluntary approach to reporting. For 2011/12 the CNPA had not produced a separate sustainability report. However, a paragraph on sustainability reporting has been included in the management commentary of the Annual Report and Accounts and is therefore covered by the consistency element of our audit opinion. We have concluded this way of sustainability reporting to be satisfactory.

Financial position

24. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
25. We consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
26. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

27. The CNPA's gross expenditure for 2011/12 was £5.971m. The most significant elements of expenditure were board member and staff costs of £2.248m (38%) and operational plan expenditure of £2.994m (50%), of which £0.663m or 22% was spent on the LEADER rural development programme, run by the Cairngorms Local Action Group.
28. After £5.153m of total Grant-in-Aid received, third party contributions to operational plan expenditure and other income of £0.806m, the 2011/12 financial statements show a deficit of £0.012m. At 0.2% of total income, this outturn is within the financial targets guidance range for the Park Authority.
29. For 2011/12, the Scottish Government required public bodies to make efficiency savings of at least 3% in their running costs. By implementing an efficiency delivery plan and tight control of expenditure the CNPA was able achieve total efficiencies of £0.327m, which exceeded the Scottish Government efficiency savings target of £0.143m.
30. The CNPA's Statement of financial position shows net assets of £0.428m as at 31 March 2012, a minor decrease on last year (2010/11 £0.440m).
31. The arrangements for budget setting and monitoring in place at the CNPA are sound, with management closely monitoring income and expenditure against budget and reporting financial results four monthly to the Finance Committee. However, the Internal Audit report to the Audit Committee in June 2012 highlights that the use of scenario analysis in the financial planning process has been limited and that the CNPA should ensure that scenario analysis is incorporated into future annual forecasting arrangements.

Financial planning to support priority setting and cost reductions

2012/13 Budget

32. The CNPA's 2012/13 revenue budget was approved by the Board at its meeting in July 2012 and the Corporate Plan 2012-15 resource allocations were approved by the Board in May 2012. This delay in budget setting process arose to accommodate the Park Authority's work on the National Park Partnership Plan and is likely to occur every five years when the plan is refreshed. However, to ensure successful delivery of the outcomes in the next financial year, the Park Authority should ensure that a 2013/14 budget is set before the start of the new financial year.

Action Point 2

33. Grant-in-Aid funding for 2012/13, allocated to the CNPA by the Scottish Government, is £4.646m, a 2.3% reduction on 2011/12 (£4.756m, excluding additional capital grant of £0.397m, received from the Scottish Government in 2011/12). The total income is forecast at £4.681m, comprising the grant-in-aid allocation and planning fees income of £0.035m. This has been split into £2.987m (64%) to finance the core expenditure and £1.712 million (36%) to finance the operational plan, which represents an overall reduction in expenditure of £0.500m from last year and a planned deficit of £0.018m. The budget for 2012/13 also incorporates planned efficiency savings of 3% as required by the Scottish Government.

Workforce reduction

34. Over the last few years staff levels in the CNPA have been managed downwards due to existing plans and projects reaching completion and also to create some flexibility in budgets. At the end of 2011/12 staff headcount was 52.5 full time equivalents (FTE), a 14% decrease on 61.3 FTE at the end of 2010/11.
35. The CNPA recognises the importance of the workforce management, in particular that investment in staff time, skills and expertise is a crucial element of successfully delivering the Park Authority's corporate plan objectives and through those contributing to delivery of the National Park Partnership Plan. The CNPA is now at the point where there is scope for recruiting a limited number of additional staff. Going forward, an additional four staff will be recruited in 2012/13 and a further one in 2013/14 to enable the Park Authority meet future delivery priorities.
36. CNPA's 2011/12 financial statements highlight that the Park Authority gained Investors in People status in 2008 and was re-accredited in 2011/12.
37. The average number of days lost through sickness in 2011/12 was 5.6 days, an increase on 4.5 days in 2010/11. Management will continue to monitor the absence levels.

Partnership working

38. The CNPA continues to play an enabling role in supporting and facilitating partnership working. This has been demonstrated by joint working with a variety of partner organisations

throughout 2011/12. In recognition of the fundamental part played by partnership in formulating and delivering the aims of the National Park, the new National Park Plan 2012-17 has been styled "Cairngorms National Park Partnership Plan". It was approved by the Board in May 2012.

39. The CNPA also continues to explore opportunities for shared working with the Loch Lomond & The Trossachs National Park Authority. Shared posts are in place for the Corporate Services Director, Information Technology Manager and Procurement Manager. The authorities are also in the process of harmonising human resources services and a joint procurement strategy has been adopted within both Park Authorities to manage and improve the ways in which the Authorities buy goods and services.

Outlook

Financial forecasts beyond 2012/13

40. The Scottish Government's 2012/13 budget and future expenditure plans to 2014/15 indicate a cumulative reduction of £0.320m (6.7%) in CNPA's grant funding by the end of 2014/15. After estimating inflationary and increasing cost pressures, the Park Authority estimated that in real terms this represented a decline of £0.560m (12%) from 2011/12 funding levels.
41. The CNPA's initial corporate plan financial forecasts indicate an excess of proposed expenditure over income for 2013/14 and 2014/15, due to uncertainty over the levels of additional project funding that might be secured in these years. Whilst best practice suggests setting a balanced budget, the CNPA uses managed over-programming as an effective management tool in achieving a break even position by the end of the year. This way the Park Authority ensures that it has a bank of projects ready should additional funding become available, for example as a result of the Scottish Government's budget revisions.
42. The CNPA has also indicated plans to develop rolling, three year budgets to assist in implementing short-term financial strategies while maintaining a medium to long-term focus within the organisation. One of the benefits of three year spending plans will be that projects, phased for future years, could be readily brought forward if new funding opportunities arise.

Efficiency savings plans

43. The CNPA has been successful in the last four years in implementing efficiency savings from the core running costs, which had allowed more monies to be spent for operational plan projects investing in the Cairngorms National Park. As noted in Paragraph 33, the Park Authority has identified efficiency savings for 2012/13 to comply with the Scottish Government's 3% recurring efficiency savings target. However, the majority of savings for 2012/13 are a result of the schemes implemented in prior years, for example staff cost reduction initiatives.
44. Management have highlighted that there are concerns over their ability to introduce further cost reductions without putting effectiveness of the CNPA's operations at a significant risk and as a result no further long-term efficiency plans have been identified. We have been advised

that the work on the efficiency plan is ongoing. For example, management are exploring options for further shared working with the Loch Lomond & The Trossachs National Park Authority to identify additional savings and this will continue to be the focus for delivery of future financial efficiencies.

Action Point 3

Governance and accountability

45. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
46. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
47. Consistent with the wider scope of public audit, we have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption.
48. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

49. The CNPA Board has 19 members, with seven appointed by the Scottish Ministers, seven nominated by the five local authorities in the area and five locally elected. The number of Board members was reduced from 25 to 19 during 2010/11 but since then there have been no further significant changes to the Board membership.
50. A number of committees are in operation and meet regularly throughout the year, namely the Planning, Finance, Staffing and recruitment and Audit committee. The agendas and minutes of all committees are available on the Park Authority's website. The Audit Committee has a direct responsibility of overseeing the CNPA's arrangements for corporate governance and provides the Accountable Officer with assurances as to the CNPA's compliance. The Committee also considers all internal and external audit reports and ensures any issues raised are addressed.

Corporate Credit Cards and Government Procurement Cards

51. We undertook a targeted piece of work on use of corporate credit cards and government procurements cards. We made enquiries regarding the use of such payment methods, the number of cards in use and expenditure limits. We also reviewed the controls in place regarding the use of this payment method. The CNPA spent £0.025m using corporate credit

cards in 2011/12. The cards were used mainly for travel and accommodation costs. We concluded that the overall control environment is satisfactory.

Internal control

52. While we concentrate on significant systems and key controls in support of the opinion on the financial statements, our wider responsibilities also require us to consider the financial systems and controls of audited bodies as a whole. The extent of this work is informed by our assessment of risk and the activities of internal audit.
53. As part of our 2011/12 audit, we have carried out a review of the main financial systems, focusing on the key controls in place within each system along with arrangements for governance and accountability. Our review covered payroll, the financial ledger, trade payables and cash. We reported in our Key controls report in April 2012 that overall the systems of internal control at the CNPA are operating effectively. No significant risk exposure or weaknesses in internal controls were identified during our review.
54. In our International Standard on Auditing (ISA) 260 report, issued in June 2012, we highlighted that a technical problem prevented the 2011/12 ledger close-down and roll over into the next financial year. There was a risk of errors in the financial statements, however our substantive testing did not identify any significant misstatements. Officers agreed to put in place appropriate controls to prevent such an issue arising in the future years.
55. Every year we carry out an assessment of the adequacy of the internal audit function to identify those areas of internal audit work on which we can place reliance. The internal audit service for the CNPA is provided by KPMG and we concluded that they had appropriate standards and reporting procedures. This evaluation allowed us to place reliance on the work internal audit for the wider scope of our audit work in the following areas:
 - Financial Management and Planning Efficiencies
 - Commercial Income Generation
 - Community Engagement / Stakeholder Satisfaction
 - Workforce Management
 - Financial Controls
 - Risk Management.
56. We have concluded that sound governance arrangements are in place at the CNPA.

Prevention and detection of fraud and irregularities

57. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. We review and report on these arrangements.
58. There were no instances of fraud or corruption reported by the CNPA in 2011/12. The CNPA has appropriate processes in place to prevent and detect fraud and irregularities, including policies and codes of conduct for staff and members.

Best Value, use of resources and performance

59. Audited bodies have responsibility to ensure that arrangements have been made to secure best value. The Auditor General may require that we consider whether accountable officers have put in place appropriate arrangements to satisfy their corresponding duty of best value. Where such requirements are not specified we may, in conjunction with audited bodies, agree to undertake local work in this area.
60. As part of their statutory responsibilities, the Auditor General may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. We may be requested from time to time to participate in:
- a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
61. During the course of our audit appointment we also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years. We may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
62. This section includes a commentary on the best value and performance management arrangements within the CNPA. We also summarise headline performance measures used by the CNPA, highlight any relevant national reports and comment on the body's response to these.

Management arrangements

Best Value

63. In March 2011, the Scottish Government issued new guidance for accountable officers on Best Value in Public Services. The new guidance, in essence, required public bodies to take a systematic approach to self-evaluation and continuous improvement. The CNPA Management Statement / Financial Memorandum places a duty on the Accountable Officer to secure best value and the Park Authority's Financial Management Framework and Regulations state that "the Board has corporate responsibility for promoting the efficient and effective use of staff and other resources of the Authority in accordance with the principles of Best Value". Whilst a full self-evaluation was performed in 2006, this is now dated and the CNPA has not formally considered the new Scottish Government guidance. The current policy statement on best value has also not been reviewed for over six years.

Action point 4

Performance management and overview of performance 2011/12

64. The CNPA operates within a well-established hierarchy of strategic plans. The National Parks (Scotland) Act 2000 establishes the statutory framework within which the CNPA operates. This is supported by the National Park Partnership Plan and the Corporate Plan which outlines the way in which the CNPA will deliver the National Park Partnership Plan and the Scottish Government's planned outcomes. An annual Operational Plan is also produced which sets out in practical terms the tasks for taking forward each priority action in the Corporate Plan.
65. The current Cairngorms National Park Plan covers the period 2012 to 2017. It was approved by the Scottish Ministers in May 2012 and formally launched in June 2012. In determining structures and arrangements that support delivery, monitoring and review of the Plan, a greater emphasis has been placed on the role and responsibility of the wider National Park Partnership. Progress on the new National Park Partnership Plan 2012-17 will be reported to the Partnership and CNPA Board at 6 monthly intervals, with an annual progress review prepared for Ministers and wider audience.
66. The Plan sets out three outcomes which will, achieved together, deliver the Cairngorms vision "An outstanding National Park, enjoyed and valued by everyone, where nature and people thrive together":
 - A sustainable economy supporting thriving businesses and communities.
 - A special place for people and nature with natural and cultural heritage enhanced.
 - People enjoying the Park through outstanding visitor and learning experiences.
67. The new Corporate plan 2012-15 was also approved by the Board in May 2012. It sets out what the CNPA's contribution will be to realising the outcomes outlined in the new National Park Partnership Plan. Sustainable development will be delivered through the following eight programmes of work:
 - Building the Cairngorms Brand and Visitor Experience
 - Getting Involved
 - Land Management and Conservation Programme
 - Cairngorms National Park: A Special Place
 - Developing Opportunities for Recreation
 - Supporting Sustainable Business
 - Delivering Organisational Excellence
 - High Quality, Effective Planning Services.
68. The Operational Management Group (OMG), comprised of the eight Programme Managers, is currently developing qualitative performance monitoring targets and milestones for each of the eight programmes of work. This will allow twice yearly qualitative reporting to the Board on the Corporate Plan as well as annual Operational Plans, with the first progress report due in

October 2012. Longer term indicators are also being developed to enable consideration of whether or not targeted outcomes are being delivered.

69. In terms of financial monitoring, CNPA produces management accounts on a monthly basis, allowing for relevant and timely review of performance to date at both organisation and project level. This information is used to inform reports to Board members with information tailored to individual groups and committees, for example financial reporting against budget will continue through the Finance Committee.

Community engagement

70. The CNPA recognises the importance of community engagement by allowing appropriate consultation and input from key stakeholders in decision making processes. For example, the new National Park Partnership Plan was prepared through extensive consultation and engagement with partner organisations, communities, the public and interested groups.
71. The Internal Audit report on community engagement and stakeholder satisfaction, presented to the Audit Committee in June 2012, emphasised that the CNPA recognises the vital role that communities play in delivering the aims of the National Park and also identified a number of areas of best practice in CNPA, such as:
- The CNPA's leadership demonstrates clear commitment to stakeholder and community engagement.
 - Internal community engagement team works with local communities to ensure their opinions and interests are being tracked.
 - The CNPA has developed a communication and engagement programme to assist in identifying key audiences and communication pathways to support achievement of the National Park Partnership, corporate and local plans.

National performance reports

72. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in the Exhibit below.

Exhibit: A selection of National performance reports 2011/12

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| <ul style="list-style-type: none"> • Scotland's Public Finances - addressing the challenges (Aug 2011) • Modernising the planning system (Sept 2011) | <ul style="list-style-type: none"> • The role of community planning partnerships in economic development (Nov 2011) |
|--|--|

Source: www.audit-scotland.gov.uk

Scotland's Public Finances - addressing the challenges

73. The report highlighted that all parts of the public sector had less to spend in 2011/12 than in 2010/11 even though the level of budget reduction varied significantly, with central government funding experiencing the biggest reduction of 12 per cent. Although most bodies were able to agree a balanced budget for 2011/12 the report outlined the risk that savings may not be realised and that unforeseen pressures may emerge which will reduce the ability to generate future savings. The report also emphasised the importance of long-term financial sustainability when looking to reduce costs, including consideration of key areas such as reducing workforce levels and identifying opportunities to share services.
74. As noted in paragraphs 42, 43 and 44, the CNPA's Corporate Plan 2012-15 contains a three year financial summary showing indicative resource allocation and associated spending plans. It is the Park Authority's intention to develop rolling, three year spending plans to assist in implementing short term financial strategies while also maintain a medium to long term focus within the organisation. The 3% efficiency target for 2011/12 was exceeded and efficiencies for 2012/13 have also been identified. No further long-term efficiency plans have been identified, however the Park Authority is exploring options for further shared working with the Loch Lomond & The Trossachs National Park Authority, which would generate future efficiencies through the realignment or sharing of back office and corporate functions.

Modernising the planning system

75. The report outlined that the Scottish Government and planning authorities have made some progress in modernising the planning system but emphasised that more progress is needed to realise the full potential of modernisation. The report also made a number of recommendations for the National Park Authorities, for example they should ensure that their decision-making process is as efficient as possible and they should work with the Scottish Government to develop a new comprehensive performance measurement framework. It also recommended the use of a project planning approach for managing major applications and collecting, monitoring and reporting data on the cost of development planning and management to help inform the setting of planning fees and to help make decisions on how resources can be used effectively.
76. The report has not been formally considered by the CNPA's Planning Committee, however findings in the report have been considered in preparing the annual Service Improvement Plans and there is support for active participation in the new Planning Performance Framework.

The role of community planning partnerships in economic development

77. The report detailed the important role that community planning partnerships have in planning and coordinating improvements to local economies and highlighted the need for a more joined-up approach to achieve sustainable economic growth nationally. The reduction in ring-fenced funding and the current economic climate increase the need for community planning partnerships to deliver agreed outcomes and understand the pressures in individual partners

budgets. The report highlighted that existing accountability arrangements should be used to hold all partners to account for their contribution in delivering the priorities in the single outcome agreement.

78. The CNPA clearly recognises the fundamental part played by partnership in formulating and delivering its new National Park Partnership Plan. The Park Authority also participates in the Community Planning Partnerships of each of the five local authorities which fall within the boundaries of the park. As we reported last year, it is challenging for the Park Authority to ensure consistent outcomes of the National Park Plan across so many different Local Authorities, all with their own strategic objectives and priorities. However, steps have been taken to streamline the new National Park Partnership Plan with each of the Community Plans.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Audit Committee
Annual Audit Plan	5 March 2012	18 March 2012
Key Controls Report	24 April 2012	Planned on 14 September 2012
Report on financial statements to those charged with governance (ISA 260 report)	13 June 2012	22 June 2012
Audit opinion on the 2011/12 financial statements	13 June 2012	22 June 2012
Summary matters arising	20 June 2012	Not presented - for use by management

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	21	<p>Departure of the Chief Executive</p> <p>At the Board meeting on 11 May 2012, the Chief Executive and Accountable Officer announced her intention to stand down after nearly ten years in the job. The recruitment process has started but the new Chief Executive is unlikely to be appointed before the end of this calendar year.</p> <p>Senior management changes in any organisation present a key risk to its operations. The risk is mitigated at the CNPA by the Chief Executive's early notification of her intention to stand down and therefore the lead time afforded to the Park Authority to put in place appropriate handover arrangements.</p>	<p>The current Chief Executive is in dialogue with the Convener, Staffing and Recruitment Committee and Sponsor Team to ensure that adequate hand-over arrangements are put in place. Indeed, the timing of the Chief Executive's announcement was itself intended to ensure that time could be made available for appropriate recruitment and subsequent hand-over arrangements to be put in place.</p>	The Board	31 March 2013
2	32	<p>Delay in 2012/13 budget setting</p> <p>The CNPA's 2012/13 revenue budget was approved by the Board at its meeting in July 2012 and the Corporate Plan 2012-15 resource allocations were approved by the Board in May 2012. This delay in budget setting process arose to accommodate the Park Authority's work on the National</p>	<p>The Authority will, in a standard budget cycle outside of seeking approval to a new National Park Partnership Plan and Corporate Plan, ensure that a budget aimed at delivering a financial break even at year end, be agreed at in place</p>	Director of Corporate Services	31 March 2013

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<p>Park Partnership Plan and is likely to occur every five years when the plan is refreshed.</p> <p>To ensure successful delivery of the outcomes in the next financial year, the Park Authority should ensure that the 2013/14 budget is set before the start of the new financial year.</p>	<p>prior to the commencement of the financial year in question. Budget monitoring is undertaken throughout the year to ensure appropriate actions are identified and implemented to bring finances back into a break even position by the end of the year. Our track record highlights the financial management tools and systems employed have been effective in this regard.</p>		
3	44	<p>Efficiency savings schemes</p> <p>Management have highlighted that there are concerns over their ability to introduce further cost reductions without putting effectiveness of the CNPA's operations at a significant risk and as a result no further long-term efficiency plans have been identified. We have been advised that the work on the efficiency plan is ongoing.</p> <p>There is a risk that, going forward, the CNPA may not be able to deliver the aims of the National Park Partnership Plan.</p>	<p>We continue to look in detail at potential efficiency savings that may be secured and will continue to do so to ensure we meet the annual efficiency savings targets and secure operations within available funding.</p>	Chief Executive and Director of Corporate Services	ongoing

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
4	63	<p>Best Value</p> <p>In March 2011 the Scottish Government issued new guidance for accountable officers on Best Value in public services. Although the CNPA's Management Statement / Financial Memorandum places a duty on the Accountable Officer to secure best value, the CNPA has not formally considered the guidance and the current policy statement on best value has also not been reviewed for over six years.</p> <p>A formal written policy on the delivery of best value in accordance with the guidance issued by the Scottish Government should be developed and approved by the CNPA's Board.</p>	We will submit a review of the Authority's position as regards Best Value duties to Audit Committee in December 2012.	Director of Corporate Services	31 December 2012