

GOVERNANCE STATEMENT

For the period ended 31 March 2013

Governance Framework

As Accountable Officer, I have 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 I am personally responsible, in accordance with the responsibilities assigned to me in the Management Statement agreed between the Authority and Scottish Government. In discharging this responsibility I am held accountable by the Authority's Board, and by Scottish Ministers.

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 Authority's internal control systems comply with the requirements of the SPFM.

The Operation of the Board and Sub Committees

The Authority's Board has put Committees in place and delegated responsibility to oversee and scrutinise the Authority's deployment and management of resources, with a Finance Committee and a Staffing and Recruitment Committee in place.

The Authority also has an Audit Committee in place to lead on the oversight of all aspects of the organisation's operations and internal management control systems, in addition to taking 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.

The Audit Committee is supported by the Authority's internal and external auditors, who also have rights of independent access to the Committee Chairperson.

Advice from independent internal and external auditors forms a key and essential element in informing my review of the effectiveness of the systems of internal control within the Authority. The Board's Audit Committee also plays a vital role in this regard, through its review of audit recommendations arising from reviews of internal control systems and its consideration of proposed management action to address any improvements required. In particular, the Audit 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 Committee. The Audit Committee meets quarterly and reports annually to the Board on the adequacy and effectiveness of the Authority's internal controls.

The internal audit function is an integral element of the Authority's internal control systems. KPMG LLP was appointed as the Authority's internal auditors in 2011 and they have undertaken a comprehensive review of key internal control systems since their appointment. Over the course of the year to 31 March 2013, the internal auditors have reported to the Audit Committee on their independent reviews of Financial Controls, Performance Management, Partnership Working, Visitor Reputation and LEADER grant administration. Additionally, the internal auditors have assisted in the process of developing updated risk management arrangements and derivation of a new strategic risk register to complement the Authority's new Corporate Plan.

In addition, the external auditors have reviewed key systems including a positive review of the Internal Auditors' documentation, Standards and Reporting Procedures, 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.

Risk Management

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.

The Board recognises the importance of risk management in the activities of the organisation. Through adoption of risk based monitoring reports for delivery of Corporate and Business 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.

The Board's Audit 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.

The Authority has developed a revised strategic risk register during 2012/13, capturing the key risks potentially impacting on the delivery of new strategic organisational objectives as set out in the Corporate Plan adopted by the organisation in May 2012. The strategic risk register continues to record action taken to mitigate those risks identified and senior management responsibility for leading on mitigation of each risk area. The strategic risk register will continue to be reviewed and updated by both Audit Committee and Senior Management Team 2 to 3 times each year.

Data Security

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. Shared services arrangements with Loch Lomond and the Trossachs National Park Authority have been implemented in the year to enhance the Authority's data back-up arrangements and improve overall data security.

Conclusion

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- 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;
- The work of the internal auditors, who submit to the organisation's Audit 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;
- Comments made by the external auditors in their management letter and other reports.

In taking up appointment as Accountable Officer on 4 March 2013 in the financial year to which this statement relates, I have had to place particular regard to the above areas of assurance, and in particular to the views of the Corporate Services Director who has provided continuity of senior management leadership on the financial management, internal controls and governance arrangements over the year.

I have also been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and its Audit 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 strong with suggestions for only minor improvements being made.

The internal auditor's annual report for 2012/13 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.

Grant Moir
Chief Executive and Accountable Officer
June 2013