GOVERNANCE STATEMENT

For the period ended 31 March 2016

Governance Framework

1. 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. These responsibilities are in accordance with 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.

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

3. The Management Statement sets out the central role of the 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 me as Accountable Officer in 2015/16 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 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 Authority's inception, the Board has put Committees in place and delegated responsibility to oversee and scrutinise the Authority's deployment and management of resources. These are listed below and each has an agreed Terms of Reference that are reviewed each year:
   a) Finance and Delivery Committee.
   b) Staffing and Recruitment Committee.
   c) Planning Committee - in place to deal with all aspects of the Cairngorms National Park Authority's statutory planning responsibilities.
   d) Audit and Risk Committee.

8. The Authority's Audit and Risk Committee leads 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.

9. The Audit and Risk Committee is supported by the Authority's internal and external auditors, who also have rights of independent access to the Committee Convenor. 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, and more widely on the work of the Audit Committee during the preceding year.

10. The Board and its Committees have continued to have oversight of delivery of the Authority's Organisational Development Strategy in the year, and has built further on the work done in the previous year when the Board undertook a self-evaluation of its own effectiveness, participated in "on Board" training, approved a revised Code of Conduct and reviewed and revised Standing Orders over the course of 2014/15. In 2015/16, the Board undertook a further self-evaluation of its own effectiveness, and members participated in follow up "On Board" training in order to reinforce the implementation of the Code of Conduct. The Board has also considered and adopted revised Corporate Performance Indicators through which to improve its oversight of delivery against key strategic objectives and monitor achievement of the Authority's Corporate Plan.

11. 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 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.

12. The internal audit function is an integral element of scrutiny of the Authority's internal control systems. KPMG LLP was appointed as the Authority's internal auditors in 2011 as a culmination of a joint procurement of internal audit service delivery by Cairngorms and Loch Lomond and the Trossachs National Park

Authorities. As internal auditors, KPMG have undertaken a comprehensive review of key internal control systems since their appointment. Over the course of the year to 31 March 2016, the internal auditors have reported to the Audit Committee on their independent reviews of governance, income generation, planning processes, records management and project management, both post-implementation of new systems, complaints handling, workforce management and staff appraisals, financial and internal controls, and LEADER grant administration.

13. 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

14. The Audit Committee continues to monitor the Authority's adherence to Scottish Government Best Value guidelines. We will undertake a self-evaluation of our services against Best Value guidelines in the early part of 2016/17, in conjunction with our review of the Authority's Organisational Development Strategy and potential development and adoption of a revised Organisational Development Strategy for 2016 to 2018.

15. We have continued to monitor implementation of the recommendations from our internal Best Value review of our planning services in 2014/15 and reported the results of that exercise, including considerations for improvement, to the Committee. The Planning Committee itself has undertaken a self-evaluation of its operations and effectiveness as part of the culmination of this Best Value process.

Risk Management

16. 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.

17. 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 the year in the context of the new 2015 to 2018 Corporate Plan adopted by the Board and Scottish Ministers in 2015. 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 will continue to be reviewed and updated by both Audit and Risk Committee and Senior Management Team 2 to 3 times each year.

18. 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.

19. 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.

Data Security

20. 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.

21. 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.

22. The Authority's Corporate Services team have reviewed and revised our Disaster Recovery Planning in light of various improvements made over the last years to ensure these plans are up to date and also to take account of changing risk profiles around data losses amongst other significant organisational risks.

Conclusion

23. As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My 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 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.

24. The Authority has a professional Corporate Services Director in place, who provides senior management leadership on the financial management, internal controls and governance arrangements. My assurances over the effectiveness of internal control systems, financial management and planning processes and risk management are particularly informed by the assurances received from our Corporate Services Director.

25. 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 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 strong with suggestions for only minor improvements being made.

26. The internal auditor's annual report for 2015/16 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. [to be updated following receipt of the KPMG 2015/16 annual report]

Grant Moir
Chief Executive and Accountable Officer
June 2015