



## For decision

**Title:** Draft Governance statement

**Cover Paper prepared by:** Louise Allen, Head of Finance and Corporate Operations

## Purpose

This paper presents the draft Governance Report, which forms part of the Annual Report and Accounts, to the Committee for review and comment prior to inclusion in the draft papers submitted for external audit.

## Recommendations

The Committee is requested to:

- a) Review the draft Governance Statement presented with this paper.
- b) Subject to any agreed amendments, approve the Governance Statement for inclusion in the Park Authority's draft Annual Report and Accounts for 2024/25.

## Executive Summary

1. The content of the Governance Statement within the Park Authority's Annual Report and Accounts has a number of prescribed areas and format. Within the required reporting format, the content of the statement has been updated for 2024/25 as presented with this paper. Key areas of update are shaded in grey to help identify new material added.
2. The Committee is invited to review the draft Statement and make any amendments prior to its inclusion in the documents and working papers submitted for external audit review of the 2024/25 accounts.



## Governance Statement

### Scope of responsibility

As Accountable Officer, I am responsible for maintaining sound systems of internal control that support the achievement of Cairngorms National Park Authority's policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible. These duties are in accordance with the Framework Agreement between the Park Authority and Scottish Government and align with responsibilities assigned to me in the Scottish Public Finance Manual (SPFM).

The SPFM, issued by the Scottish Ministers, provides guidance to the Scottish Government and other relevant bodies on the proper handling of public funds, and sets out the relevant statutory, parliamentary, and administrative requirements, emphasising the need for economy, efficiency, and effectiveness, and promotes good practice and high standards of propriety. As Accountable Officer, I am responsible for ensuring that the Park Authority's internal control systems comply with the requirements of the SPFM.

The Framework Agreement with Scottish Government sets out the role of the Park Authority's Board in providing leadership and governance. The Framework Agreement is a standard agreement between Scottish Government and its devolved public bodies and came into force following approval by the Park Authority board at its meeting on 26 May 2023.

The governance responsibilities of the Board are supported by Standing Orders revised and adopted in 2024 and a Code of Conduct revised and adopted in 2022. Required additions to the Code to handle board involvement in quasi-judicial and regulatory decision making have been identified, agreed with the Standards Commission for Scotland and adopted during 2024/25. The Board agreed a "Governance Responsibility Framework" document in 2021, setting out the respective roles and responsibilities of the board and its non-executive board members and senior managers in decision making, to give added clarity and understanding to this aspect of the Park Authority's governance. Our group of professional, senior staff advisors, complemented by



appropriate Board training and development processes, support the good governance arrangements set out in the Standing Orders and Code of Conduct.

As a public body, the Park Authority is committed to accessibility, openness, and accountability, and supports the highest standards in corporate governance.

Other than the documents referred to above and the resource allocation letters issued to me over the course of the year, there were no other written authorities provided to me over the course of 2024/25.

### **The operation of the Board and sub-committees**

The Board comprises 19 members: 7 appointed by Ministers following nomination by five Councils with boundaries within the National Park, 7 appointed by Scottish Government through public appointments processes, and 5 directly elected within the wards of the Park. At the start of the year there was one vacancy on the Board; this vacancy was filled on 1 June 2024.

The Board therefore reflects a blend of different experience, backgrounds and interests. The full Board meets regularly to consider strategy and performance against the current Corporate Plan. Meetings are scheduled quarterly, with additional meetings convened as required. To enable the Board to discharge its duties, all members receive appropriate and timely information in advance of meetings with all agendas and papers also placed in the public domain. Meetings are open to the public, save the occasional meeting held in private for various reasons of business and commercial confidentiality.

To ensure that the Board develops an understanding of the current and emerging issues, members also participate in informal discussion sessions to consider evolving policy issues and proposals. These meetings are held in private to provide for early-stage discussion and members' learning and development on a range of policy topics. The agreed strategic direction of the Park Authority is discussed and identified in full, open consideration at formal meetings.

The Board has established sub-committees: a Planning Committee (which deals with all aspects of the Park Authority's statutory planning responsibilities), together with



Committees covering Governance, Resources, Performance, and Audit and Risk. The committee structure augments the governance of the Authority and enhances the Board's assurance role, as the Authority's scale of activities and support of significant programmes continues to increase. The Governance Committee remains in place to support the Board and the Convener to maintain oversight of the effectiveness of governance arrangements across the organisation, including the effectiveness of the committee structure itself. All committees have delegated duties and responsibilities, set out in terms of reference agreed by the full Board, to oversee and scrutinise the Park Authority's deployment and management of resources. The operation of the committee structure was reviewed in 2022/23 and continued in place throughout the 2024/25 financial year.

The record of attendance at Board meetings can be found in the Remuneration and Staff Report within the Annual Report and Accounts.

## **The Audit and Risk Committee**

The Audit and Risk Committee's role is to provide effective governance over all aspects of the Park Authority's internal management control systems and the annual financial accounts and audit. It also takes a lead in strategic risk management, ensuring that risks impacting on strategic objectives are identified and mitigated, and that risk management is embedded throughout the Park Authority's operations. It is supported by the Park Authority's internal audit function, delivered by Azets, and external auditors, Forvis Mazars. Both the internal and external auditors have independent access to the Committee and to its Convener. The 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 reports of all audit reviews are made available to both management and the Committee.

The Committee meets at least quarterly and reports to the Board on the adequacy and effectiveness of the Park Authority's internal controls, and more widely on its work in the preceding year.

The Board has continued a process of self-evaluation of effectiveness and governance. This process was initiated under the "Leadership" element of the first Organisational



Development Strategy in 2015/16. A refresh of the Board skills matrix, and self-evaluation of members against that matrix, took place in 2022/23. More recently, the Board held a self-assessment workshop and review in January 2023, a governance workshop in April 2024; an opportunity, risk and horizon scanning discussion in November 2024; and training on the Code of Conduct in February 2025.

The Board has agreed a set of Corporate Performance Indicators in order to improve its oversight of delivery against key strategic objectives and the Park Authority's Corporate Plan. A detailed performance report is submitted to the Board annually on delivery against key performance indicators, alongside a review of strategic risk management. These monitoring and control mechanisms support Board scrutiny over delivery of the Corporate Plan and National Park Partnership Plan priorities.

Periodic reports from independent internal and external auditors form a key and essential element in informing my review as Accountable Officer 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. The Audit and Risk Committee also considers both a three-year plan for internal audit coverage and annually agrees an internal audit plan flowing from that three-year plan.

### **Shared services delivery**

The Park Authority plays an important role in providing support to local communities and organisations, over a range of activities, to help deliver the National Park Partnership Plan's priorities. In the last year we have supported the Cairngorms Local Action Group Trust in its leadership and delivery of new Community Led Local Development funding streams; and completed the Cairngorms Capercaillie Project. Following completion of the Development Phase of the Cairngorms 2030 Heritage Horizons Programme, and after a lengthy application process, in January 2024 we were awarded £10.77m of funding by the National Lottery Heritage Fund to commence the Delivery Phase of the Cairngorms 2030 programme. All of these have been significant, community-, and partner-led programmes of activity. Our management and internal control structures ensure that support for these community-based delivery entities is



separated from the core activities of the Authority, while ensuring that our support helps them achieve “best practice” in their operations.

The Authority also undertakes a range of shared service arrangements with other public body partners. Over the course of the year, we have provided human resource advice and organisational development support to the Scottish Land Commission, while collaborating on a range of shared service delivery with Loch Lomond and the Trossachs National Park Authority (LLTNPA). We receive key support from LLTNPA on IT infrastructure maintenance and development, shared licence agreements for planning systems, and data back-up and security arrangements. In addition to these more formal shared services with LLTNPA, both National Park Authorities continue to collaborate closely on areas of shared policy interest.

## Internal audit

The internal audit function is an integral element of scrutiny of the Park Authority’s internal control systems. Azets were appointed as the Park Authority’s internal auditors in 2020, following an open procurement process, and have undertaken a comprehensive assessment of key internal control systems since their appointment. The term of Azets’ appointment was extended until 31 March 2025; procurement of the internal audit service was carried out in March 2025. During the year to 31 March 2025, Azets have reported to the Audit and Risk Committee on the following reviews:

### Governance & risk

- Cairngorms 2030 – governance, reporting and monitoring

### Operational

- Operational and Financial Planning
- Recruitment

All recommendations made by Azets are considered, given management responses, which are considered by the Audit and Risk Committee, and implemented as appropriate. There was one instance of an internal audit recommendation not being accepted by management in the year: management’s perception was that the recommendation posed a higher risk around reputational management and damage than was offered by any limited additional value of acting on the recommendation.



Following the internal audit of procurement processes, the Park Authority developed an action plan to refresh and further develop procurement strategy, policy and procedures. The Authority has grown significantly over the past 4 years, and both the complexity and quantity of delivery have increased, to the extent that it has been necessary to provide additional resource to to enhance both expertise and capacity. Targets for augmenting internal controls were set, to reflect the increased scale and complexity of activity, and progress against these has been monitored by the Audit and Risk Committee over the course of the year.

## External audit

External auditors are appointed for us by the Auditor General for Scotland through Audit Scotland. Audit Scotland appointed Forvis Mazars to the role with effect from the commencement of the 2022/23 final accounts audit. We continue to develop our relationship with Forvis Mazars, who review key systems in order to form a view on the effectiveness of control arrangements, and to support their audit opinion on the financial statements. No non-audit work was undertaken by Forvis Mazars, and consequently, no fees were paid.

## Best value

The Audit and Risk Committee continues to monitor the Authority's adherence to Scottish Government Best Value guidelines and our approach to continuous improvement. Following the launch, in 2023/24, of phase four of our Organisational Development Strategy, we have continued to improve our work processes, organisational environment, and delivery of services. The results of our 2023 staff survey have continued to inform the delivery of continuous organisational improvement as part of our Corporate Plan to 2027.

## Risk management

We have a risk management strategy in accordance with guidance issued by Scottish Ministers to identify actual and potential threats that may prevent us from delivering our statutory purpose, and also to identify appropriate mitigation actions.



The Board recognises the importance of risk management and continues to monitor the Park Authority's Strategic Risk Register. The Board held a workshop in May 2023 to establish the overall strategic risk appetite for areas of the 2023/27 Corporate Plan. This position informed the redevelopment of the Park Authority's Strategic Risk Register and supports delivery of our Corporate Plan objectives.

The Strategic Risk Register records risks, action taken to mitigate the identified risks and senior management's responsibility for leading on each risk and its mitigation. The Strategic Risk Register is reviewed by the Executive Management Team at least four times each year and updated by the full Board and the Audit and Risk Committee as part of each quarterly cycle of meetings.

The Audit and Risk Committee, with the Senior Management Team, leads on embedding risk management processes throughout the Park Authority. Both groups consider the management of strategic risk in line with the Risk Strategy to ensure that the required actions are appropriately reflected and incorporated in operational delivery plans.

## **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 Park Authority has no reported nor recorded instances of data loss in the year to 31 March 2025.

We continue to review our digital practices and infrastructure to ensure they remain fit for purpose and that all reasonable steps are taken to minimise the risk of data loss or compromise of systems due to Cyber Attacks. In February 2025 the Park Authority achieved the Cyber Essentials Plus accreditation. Over the course of the year, we have been working on a cyber security health check through a Scottish Government pilot project run in conjunction with HEFESTIS, a not-for-profit shared service organisation delivering information and change management services to the Public Sector.

The Authority's Senior Management Team approved an IT and Data Management Strategy in 2021. The strategy described our transition toward cloud-based service infrastructure. This strategy will be reviewed and refreshed in 2025.





## Business continuity

The Authority implemented its Business Continuity Plan (BCP) processes on 17 March 2020 in response to the COVID19 pandemic and continued to apply that BCP process throughout 2021/22. The BCP prioritised the maintenance and evolution of systems to support dispersed working while maintaining maximum focus on delivery of the Authority's strategic outcomes. Our BCP also placed an emphasis on staff welfare and ensuring our people remain as physically and mentally healthy as possible throughout this period of BCP operations.

The Board also approved BCP measures to support effective governance throughout the pandemic. This included adapting Board Standing Orders to remote working and meetings held by video conference and telephone, and ensuring appropriate Board and Senior Management succession plans are in place.

Over the past two years, the Park Authority has been progressing its movement from these BCP arrangements to revised, hybrid working arrangements, which were trialled throughout 2022/23. The majority of our staff continue to work part time from home and dispersed locations, and part time in the office. Our Board also holds both hybrid and full face-to-face public meetings. The Authority carried out an internal review of the evolution of these new working arrangements for staff over the course of 2022/23. Final hybrid working arrangements have now been adopted.

A revision of the Business Continuity Plan is prioritised for 2025/26.

## Conclusion

As Accountable Officer I am responsible for reviewing the effectiveness of the system of internal control. In order to do this 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 Senior Management Team meetings
- b) internal monitoring of control systems by staff against SPFM requirements
- c) the work of the internal auditors, who submit regular reports to the Audit and Risk Committee, which include the Head of Internal Audit's independent and objective



opinion on the adequacy and effectiveness of our systems of internal control together with recommendations for improvement

- d) comments made by the external auditors in their management letter and other reports.

I am supported by the Deputy Chief Executive and Director of Corporate Services, who in turn is supported by the Corporate Services staff group, and provides senior management leadership on the financial management, internal controls and governance arrangements. I take assurance from the effectiveness of internal control systems, financial management and planning processes, and risk management from the assurances received from the Director of Corporate Services and Deputy Chief Executive.

I have also been advised on the effectiveness of the system of internal control by the Board and its Audit and Risk Committee. Appropriate action is taken against any weaknesses identified and to ensure continuous improvement of our systems.

The internal auditor's annual report for 2024/25 states that [.....]

Action continues to implement improvements required to mitigate risk areas identified by internal audit, especially in procurement, and as such I also take assurance on reports from the Executive Management Team and from our independent internal auditor on progress made in implementing planned improvements to the control framework.

The systems described in this statement have been in place for the year under review (2024/25) and up to the date of approval of the annual report and accounts.