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Cairngorms National Park Authority
Review of Brand Management
Internal Audit 2009/10
April 2010
Strictly Private and Confidential

Project Sponsor	David Cameron
Key Client Contact	Fiona Milligan

Contents

Appendices

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Section 1 - Executive summary

1.1 Introduction

This internal audit of brand management is part of our programme of core operational areas and is consistent with the audit plan approved by the Audit Committee. The scope of this report was agreed with the Head of Corporate Services prior to the commencement of work.

1.2 **Background**

Brand Development

The development of a Cairngorms Brand was widely supported by the tourism industry as a means of presenting a coherent visual identity, based on agreed brand values for the Park area. In February 2004, key stakeholders from the tourism industry in the Cairngorms met to develop a "Brand Wheel" for the Park: the purpose of the exercise was to establish a distilled version of brand essence. The process was then built on through extensive market research and involving the local community and businesses to develop and launch the Cairngorms Park brand. The project was funded by CNPA along with Aberdeen and Grampian Tourist Board, who provided 30% of the costs through an EU-funded programme.

Since its introduction in 2005, a separate Cairngorms Park brand provided a useful tool in the delivery of a wide range of marketing and promotional activity, both on a Park-wide basis and by individual businesses / organisations, the latter being subject to the satisfaction of certain criteria.

Brand Management Process

Leadership and strategic direction of the CNP brand is the responsibility of the CNPA Board. The Brand Management Group (BMG) was established to assist the Board with this task and its remit is to ensure the effective management and implementation of the CNP brand by:

- Advising CNPA and other relevant bodies on implementation of the CNP brand;
- Updating the board on the implementation of the brand strategy twice a year;
- Refer back to the CNPA Board any matter on proposed use or implementation of the brand which it feels would constitute a change from current policy;
- Determining applications for use of the CNP brand.

The BMG consists of one representative from the Association of Cairngorms Communities, the Cairngorms Chamber of Commerce, Visit Scotland and 5 CNPA Board members.

As at March 2010, the CNP brand was licensed out to 213 users. There is no charge for using the brand but criteria have been developed to set a standard for use. Specific sets of criteria cater for a variety of users, which currently include:

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Section 1 - Executive summary (continued)

1.2   Background (continued)

- Tourism Businesses;
- Eating Establishments;
- Outdoor Activity Providers;
- Wildlife Operators;
- Golf Courses;
- Events;
- Community / Tourist Associations;
- Non Edible Produce;
- Edible Produce;
- Non-Commercial / Partner Organisations.

Criteria for all sectors are reviewed on an ongoing basis, with a view to improving standards.

1.3   Approach

Our approach was to document the systems and procedures in operation of the brand management process at CNPA through discussions with relevant staff and review of appropriate documentation. The key controls were then tested to determine their adequacy and effectiveness.

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Section 1 - Executive summary (continued)

1.4 **Conclusion**

The overall objective is to assess the controls in place for the following audit areas:

Audit areas	Overall Assessment	Report Ref.
There is appropriate guidance in place for those managing the brand management process	****	
Criteria for licensing out the brand are aligned with organisational objectives	****	
Criteria for all sectors are reviewed on an ongoing basis and applied consistently	***	**2.1, 2.2**
Standardised application forms are in use for all applicants	****	
Decisions to license out the brand are documented and approved by an appropriate Committee	****	
There is appropriate evidence to support intended use of the brand by the participant prior to finalisation	***	**2.3**
Comprehensive records are maintained for all participants of the scheme	***	**2.4**

Key: ****   Arrangements accord with good practice and are operating satisfactorily (recommendations are in respect of minor matters).
         ***   Adequate arrangements are in place, but certain matters noted as requiring improvement.
         **   Arrangements in place offer scope for improvement.
         *   Inadequate level of control and unacceptable level of risk.

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Section 1 - Executive summary (continued)

1.4   Conclusion (continued)

We can conclude that the controls in place in respect of the audit areas have identified minor areas for improvement. We have summarised the weaknesses and issues below and further details of our findings and recommendations can be found within **Section 2** of this report.

Our key findings are as follows:

- Through discussions with CNPA staff it was established that membership in various quality assurance schemes (as requested by the official CNP Brand Use Criteria) is not confirmed and the team relies on the word of the applicant *(Recommendation 2.1);*

- Currently, official Brand Use Criteria states that use of the brand is time limited to two years (for tourism associations only), at which time re-application must be made. It was confirmed that organisations that fall under this criteria have not been asked to do this formally *(Recommendation 2.2);*

- Evidence to support intended use is currently not a formal requirement for brand use applicants and thus not always checked prior to applicant organisation implementing the use *(Recommendation 2.3);*

- There is an opportunity to improve record keeping for approved applications *(Recommendation 2.4).*

Our detailed findings and recommendations are within **Section 2** of this report. In total, we identified **four** recommendations as follows:

Description	Priority	Number
Major issues that we consider need to be brought to the attention of Management and the Audit Committee	1	0
Important issues which should be addressed by management in their areas of responsibility	2	0
Minor issues where management may wish to consider our recommendations	3	4
	Total	**4**

1.5   Acknowledgements

We would like to take the opportunity to thank all of the staff within Cairngorms National Park Authority involved in assisting us in this audit. The findings and recommendations in this report were discussed with the Marketing & Sustainable Tourism Officer at the conclusion of our fieldwork.

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Section 2 - Detailed findings and recommendations

2.1 Quality Assurance – participation in schemes (RSS, QMS etc.)

Finding	Recommendation	Rationale
Through discussions with the Brand Management team at CNPA, we have established that membership in various quality assurance schemes (an official requirement of the CNP Brand Use Criteria) is currently not confirmed and the team relies on the word of the applicant. The Marketing & Sustainable Tourism Officer highlighted that one of the reasons for not setting up CNPA's own quality scheme was that they do not have the resources to support this function. If the team has any concerns over the applicant's credentials, they would look into it further, although essentially it is a matter of trust.	Management should consider (depending on availability of resources) if formal confirmation of memberships can be implemented as part of the application process.	There is a risk that organisations currently using the CNP Brand are not compliant with the quality criteria set out in the official guidance for CNP Brand use applicants.

Management Response	Responsibility/ Deadline	Priority
Recommendation noted, and recognition of context of importance of resource availability welcomed. We will review Brand Management processes in light of the internal audit findings, and also in light of emerging information on future years' resource availability.	Head of Corporate Services to retain responsibility for overview of this recommendation / review by end February 2011.	Three

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Section 2 - Detailed findings and recommendations (continued)

2.2   Tourist businesses – 2 year limit on brand use

Finding	Recommendation	Rationale
Currently, official criteria states that for Community / Tourist Associations the use of the brand is time limited to two years, at which time re-application must be made. Currently there are 15 Community / Tourist Associations authorised to use the CNP Brand and they have not been asked to make a formal reapplication, as the contact with these organisations is regular through other areas of work (mainly funding through Leader projects).	If Management accepts that reapplication is indeed not necessary, we would recommend that this requirement is removed from the official criteria. Otherwise, the Brand Management Team should put a mechanism in place to monitor timeframes and ensure that reapplications made on a timely basis.	As Brand Use Criteria is an official document released to the potential applicants, it is important to ensure that is factually accurate and is consistent with the actual processes in place.

Management Response	Responsibility/ Deadline	Priority
Recommendation noted, and recognition of context of importance of resource availability welcomed. We will review Brand Management processes in light of the internal audit findings, and also in light of emerging information on future years' resource availability.	Head of Corporate Services to retain responsibility for overview of this recommendation / review by end February 2011.	Three

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Section 2 - Detailed findings and recommendations (continued)

2.3   Confirmation of intended use

Finding	Recommendation	Rationale
Discussions with the Brand Management team have confirmed that evidence to support intended use of CNP Brand is not a formal requirement on the applicants and thus not always checked prior to applicant organisation implementing the use. We, however, acknowledge that the formal approval letter sent out to successful applicants does ask them to send the final mock-up demonstrating the intended use of the Brand prior to implementing it.	CNPA should formally require all applicants to provide evidence of intended use to ensure consistency of use and alignment with CNPA communication strategy.	There is a risk that inappropriate / undesirable use of the CNP Brand would go unnoticed by the CNPA.

Management Response	Responsibility/ Deadline	Priority
Recommendation noted. We will review Brand Management processes in light of the internal audit findings, and also in light of emerging information on future years' resource availability.	Head of Corporate Services to retain responsibility for overview of this recommendation / review by end February 2011.	Three

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Section 2 - Detailed findings and recommendations (continued)

2.4   Record keeping

Finding	Recommendation	Rationale
Over the course of testing, it was noted that it was not possible to establish if adherence to specified criteria was checked prior to approving the application, specifically for cases that did not go through the Brand Management Group (for example, if the criteria calls for an outdoor operator 'To provide evidence of relevant National Governing Body (NGB) certification(s)/and/or AALA licence if required'). As there is no specific documentation kept on file, it is unclear whether this has been checked at the time of application approval. It was also noted, that records kept are not consistent for each applicant – whilst some cases are supported with numerous documents (copy of Environmental Policy, signed Visit Scotland Code of Conduct, intended use illustrations etc.), others have limited documentation attached.	A standard checklist should be introduced, which lists all the criteria to be adhered to and documents that are expected to be filed. This should be ticked off as completed, signed/dated at the end of the application process (when the final approval is granted) and kept as a cover sheet for set of documentation for each applicant.	It is important to ensure that for approved applications, an appropriate audit trail is maintained to demonstrate that rights to use the brand have been granted after a review of documentation and adherence to other requirements as outlined in the official CNP Brand Use Criteria.

Management Response	Responsibility/ Deadline	Priority
Recommendation agreed.	Sustainable Economy Manager / end September 2010.	Three

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Section 3 - Statement of responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Appendix A – Scope and Objectives

Objectives

The objectives of this internal audit are to evaluate the adequacy and effectiveness of the controls in place in respect of the following:

- There is appropriate guidance in place for those managing the brand management process;

- Criteria for licensing out the brand are aligned with organisational objectives;

- Criteria for all sectors are reviewed on an ongoing basis and applied consistently;

- Standardised application forms are in use for all applicants;

- Decisions to license out the brand are documented and approved by an appropriate Committee;

- There is appropriate evidence to support intended use of the brand by the participant prior to finalisation; and

- Comprehensive records are maintained for all participants of the scheme.

Scope & Approach

Our approach will be to document the systems and procedures in operation through discussions with relevant staff and review of appropriate documentation. The key controls will be tested to determine their adequacy and effectiveness.