

## STATEMENT ON INTERNAL CONTROL

For the period ended 31 March 2010

### *Scope of responsibility*

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. Those personal responsibilities are set out in the Management Statement for Cairngorms National Park Authority. In discharging these responsibilities I am held accountable by the Authority's Board, and by Scottish Ministers. In particular, the Authority's Board has Committees in place with remits to ensure the Authority's financial and wider resource management, and internal control systems including risk management systems, are in place and function effectively.

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.

### *Purpose of the system of internal control*

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the Cairngorms National Park Authority accords with guidance from Scottish Ministers provided in the SPFM and has been in place for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

### *Risk and control framework*

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. 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 and seek to ensure that the required actions to manage risk at a strategic level are appropriately reflected and incorporated in operational delivery plans. Accordingly, a risk management focus exists within key control processes, including quarterly organisational performance monitoring, project initiation, and project delivery documents.

The Authority's strategic risk management is based on an overarching risk management strategy together with a schedule of key risks. The strategy and schedule of key strategic risks was revised to reflect the Authority's new Corporate Plan at a workshop of Board members and senior managers in December 2008, and has since been regularly reviewed and adapted as required by the Audit Committee and Management Team.

The Authority has also adopted a risk based approach to the management and monitoring of its Operational and Corporate Plan delivery, and of key aspects of organisational performance, whereby any increased risk to achievement of targets is assessed, reported to Board and Management Team, and, where required, remedial action determined and implemented.

In terms of information management and security, a requirement to maintain close scrutiny on the Authority's IT functionality remains highlighted within the strategic risk register and is therefore reviewed regularly by Management Team and Audit Committee. The Authority's Staff Handbook sets out policies for both Data Protection compliance and Information and Communications Technology use, which make clear the importance of secure handling of information and data. These policies have been reinforced by Data Protection training for all staff, with more targeted, advance training for relevant senior staff.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March and up to the signing of the accounts the organisation has:

- Determined and delivered an annual internal audit review plan through the Audit Committee;
- Acted on a range of internal audit recommendations for further improvements in the internal control framework;
- Continued implementation of a co-ordinated framework within which stakeholders will, along with the Authority, deliver priority actions set out in the National Park Plan agreed by Scottish Ministers.
- Continued in partnership with Loch Lomond and the Trossachs National Park Authority to identify opportunities to create greater operational efficiencies, particularly within corporate service functions, including undertaking joint procurement of support services including Legal and internal audit services;
- Continued delivery of a Best Value action plan, including making use of reviews initiated by service complaints to identify any required improvements to services and controls, to deliver prioritised ongoing improvement in service delivery;
- Consideration of the outcomes of benchmarking exercises co-ordinated by Scottish Government and identification of areas for future improvement in efficiencies.

### **Review of effectiveness**

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;
- 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.

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. 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 reports quarterly 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. Deloitte LLP were appointed as the Authority's internal auditors in 2004 and have undertaken a comprehensive review of key internal control systems since their appointment. Over the course of the year to 31 March, the internal auditors have reviewed planning services, LEADER grant administration and funding claims, governance, pensions provision, planning enforcement services, and financial controls. A follow-up review has also been undertaken on action taken in implementing previous recommendations for improvements to controls.

Appropriate action is in place to address any weaknesses identified and to ensure continuous improvement of the system.

Senior Managers on the Authority's Management Team also play an important role in implementing control systems and advising on any improvements required. The Director of Corporate Services is particularly involved in implementing a variety of internal control processes, ensuring a continuing process of review and improvement to these systems is in place, and taking a leading role in embedding the principles of risk management throughout the organisation.

The internal auditors have reported that, overall, adequate systems of internal control were in place within the Authority over the course of 2010/11.

**Jane Hope**  
**Chief Executive**  
**24 June 2011**