GOVERNANCE STATEMENT

For the period ended 31 March 2015

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.

The Operation of the Board and Sub Committees

3.   The full Board met six times during the course of 2014/15, including two brief meetings to deal with specific items of business. Agendas and papers are published and placed in the public domain and meetings open to public attendance wherever possible.

4.   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.

5.   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 and Delivery Committee and a Staffing and Recruitment Committee in place. The Board has also put a Planning Committee in place to deal with all aspects of the Cairngorms National Park Authority's statutory planning responsibilities.

Corporate Governance

6.   The Board and its Committees completed the development, and has overseen commencement of delivery, of an Organisational Development Strategy in the year, under which it is developing a fuller review of its governance and leadership arrangements amongst other programmes of work. We have made significant progress over the course of the year in achieving our Organisational Development aims under our "Developing Leadership" workstream. The Board has undertaken a

self-evaluation of its own effectiveness, approved a revised Code of Conduct and reviewed and revised Standing Orders over the course of 2014/15. Board members have also participated in an "On Board" training session on responsibilities under the revised Code of Conduct.

7.   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.

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

9.   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 consideration of audit recommendations arising from reviews of internal control systems and its scrutiny 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.

10.   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 2015, the internal auditors have reported to the Audit Committee on their independent reviews of Payroll and pensions controls, records management arrangements, project management systems, planning systems and LEADER grant administration.

11.   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

12.   The Audit Committee continues to monitor the Authority's adherence to Scottish Government Best Value guidelines. The Committee has considered an overview of continual improvement made across all Best Value criteria during the year.

13.   We have also undertaken an 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.

Risk Management

14.   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.

15.   The Board recognises the importance of risk management in the activities of the organisation. The Audit Committee led on the development of a revised Strategic Risk Register for the Authority during 2013 and the resultant register was adopted by the Board in September 2013. The strategic risk register records 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.

16.   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.

17.   Looking forward, we will revise our strategic risk register in light of the new Corporate Plan for 2015 to 2018.

18.   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

19.   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.

20.   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.

21.   We are in the process of reviewing and revising 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

22.   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)   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;

 c)   Comments made by the external auditors in their management letter and other reports.

23.   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.

24.   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.

25.   The internal auditor's annual report for 2014/15 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 2015