



EUROPARC Federation

Report to Council

28th September 2014

Title:

Internal Auditor Report to EUROPARC Council

Summary:

The report draws out a number of considerations and recommendations that the Council and Directorate staff may wish to consider as potential improvements in systems and processes. These considerations and recommendations address the main strands of the agreed internal audit workplan covering:

- a. Headquarters, finance and administration systems;
- b. Governance;
- c. Federation Strategy from 2013.

Recommendations:

- ❖ To note the report

INTERNAL AUDITOR REPORT TO EUROPARC COUNCIL SEPTEMBER 2014

1. Following consideration of the meeting of the Council and of the meeting of Council and Section representatives held in Ay, France, in May, my report draws out a number of considerations and recommendations that the Council and Directorate staff may wish to consider as potential improvements in systems and processes. These considerations and recommendations address the main strands of the agreed internal audit workplan covering:
 - a. Headquarters, finance and administration systems;
 - b. Governance;
 - c. Federation Strategy from 2013.

Council Papers

2. A great deal has been done over the past years to consider the structure of the Council agendas, clearly identify the purpose of papers and clearly mark whether the papers seek decisions, support discussions or are to inform Council members.
3. A review of the papers for the meeting in May 2013 and consideration of the conduct of the meeting on the basis of these papers suggests that further consideration could be given to structuring the content of papers to support Council decision making. Open ended papers, where a decision is sought without clearly identifying options and the consequences of each option, can lead to extended discussions, confusion and misunderstanding between members and Directorate staff.
4. **Recommendation 1: the Directorate staff, with the Council President where considered appropriate, should prepare decision papers with a clear recommendation for decision to be taken and with evaluated options presented to allow Council members to propose alternate courses of action.**

Financial Monitoring

5. Attention has been given to ensuring that Council receives updates on the Federation's financial position. I suggest there remains a need for a grouping to review the Federation's financial information and management accounts. There is a need to support the Director and Treasurer to help focus reports to the Council, and to explore any ideas and issues prior to full Council meetings. This could assist in the Treasurer and Director preparing a more focused report to Council and better highlighting the key financial issues for discussion at full Council meetings, which often have limited time to consider agenda items.
6. As an option for consideration, a finance group need not consist of and take up more time of full Council members. There may be merit in seeking to get advisors and voluntary input (in a manner similar to the auditor's current position) to provide advice on financial management issues in support of the Treasurer and Director.
7. **Recommendation 2: The Council and Directorate should consider the current arrangements for considering financial monitoring and seek to identify whether improvements in arrangements could be made.**

Governance and Support Systems

8. Currently only three full Council meetings are held each year. This is very understandable given the significant amount of time and costs involved in a Council meeting. As such, if this number of meetings is to continue, the Council needs to carefully consider what its role in the leadership and governance of the Federation is and the best meeting schedule to put in place in order to deliver that governance role.
9. For example, in the last years one of the three Council meetings has been held on the day before or only 2 days before the Federation General Assembly. By this time, all papers have been issued for the General Assembly a number of weeks before and it is possibly too late to shape the General Assembly meeting. Yet the Council's involvement in and reporting to the General Assembly is arguably one of the main roles of the Council. If this is the view of the Council, then it would seem more sensible for the main Council to be held at the time of signing off papers to be presented to the General Assembly with only a brief meeting needed on the day prior to the Assembly meeting to review arrangements.
10. There are role descriptions for Council members / President / Council and Director in place. These role descriptions do not appear to be referred to frequently. There could be merit in the Council considering these role descriptions to ensure they are appropriate and also to help in determining a scheme of delegation within the Federation to make clear which part of the Federation structure is responsible for which actions, activities and decisions, and in deciding an appropriate meeting calendar for the Federation to ensure that Council time is given at the correct points in the year to meet its responsibilities.
11. **Recommendation 3: Council should consider a review of the roles and responsibilities of Council, President, Council members and Director to help establish a formal scheme of delegation identifying which parts of the Federation has responsibility for undertaking key activities and decision making.**
12. **Recommendation 4: On the basis of the review of responsibilities, the Council should carefully consider the appropriate schedule for its meetings to ensure that Council input is focused at the right times in the Federation's Governance calendar.**
13. As referred to under the section on Financial Monitoring, the Council and Directorate will rely on a range of skills, knowledge and expertise in its decision making. It is important I suggest for the Council to consider the range of skill sets and experience needed to help ensure advice is available to support good decision making.
14. **Recommendation 5: Council should consider establishing a skills framework to identify the range of knowledge and skills needed to support the Council in its decision making, highlight any gaps not covered through the skill sets and experience brought by Council members, and consider seeking voluntary advisors or co-opted members to ensure the appropriate range of knowledge and advice is brought to support effective governance and good decision making by Council members.**

Communications and Federation Profile

15. The importance of communications within the Federation and the profile of the Federation on issues and lobbying activities were two key aspects reported in the member survey results. The awareness of the membership of the work of the Council is also a matter for consideration.

16. Knowledge of the Council's skill sets referred to in paragraphs 13 and 14 may also help Council consider the merit of identifying one or two of their number to lead on behalf of the Federation as spokespeople on certain subjects and / or leaders of specific workstreams. Equally, a higher profile for Council members in speaking for the Federation may help address issues around the lack of visibility of Council members and of the Council as a whole within the membership.
17. **Recommendation 6: Council should review its role and the role of individual members with a view to consider whether there would be benefit in having individual members take a lead role on specific subject areas, either as spokespeople for subjects and / or as leaders of specific priority workstreams.**
18. **Recommendation 7: the Council President should issue a communiqué following each Council meeting to the Federation membership to help make the work of the Council more visible to members and to also help members understand the work that Council members undertake on their behalf.**

Governance and the Role of the Sections

19. My first audit report highlighted the uncertainty which appeared to exist around the role of the Sections within the Federation. The Federation is a complex network with a wide range of membership, both in terms of types of organisation and geographic range. The roles that the Sections play within that Federation network was and seems to remain somewhat uncertain.
20. The joint meeting of the Council, Directorate and Section representatives in Ay, although focusing in particular on the development of the feedback from the members' survey and future Federation Strategy did begin to consider the role that sections could play within the Federation and their place in the Governance structure.
21. **Recommendation 8: the Council should consider taking forward work on the role for Sections in the delivery of the Federation's Strategy. The Council should consider establishing a clear role and set of agreements between the Council and the Sections to more formally embody the place of Sections in the delivery of the Federation's strategic objectives and benefits to members.**
22. Discussions with some Federation members have also suggested that the governance of some sections has question to be considered. For example, there have been some suggestions that some Europarc Sections admit members of the section who are not themselves Europarc members. There is a risk therefore that non-Europarc members are exercising what may be an inappropriate influence in the development and delivery of Europarc Federation activities through sections.
23. **Recommendation 9: the Council and Directorate should review the standard terms of reference and conditions for admission of a Section as part of the Europarc Federation.**
24. **Recommendation 10: the Council and Directorate should seek confirmation from Europarc Sections of compliance with these terms and conditions to ensure it is satisfied with the levels of governance in Sections and the involvement of these sections in the governance of the Federation.**

Consideration

25. The internal audit work is provided to the Europarc Federation on a voluntary basis and is not paid for by the Federation, other than supporting necessary travel, accommodation and subsistence expenses.
26. The internal audit report, recommendations, advice and opinions are given in good faith and represent the views and opinions of the appointed internal auditor. It is for the paid officers and appointed members of the Council to determine whether and to what extent these views are to be adopted and implemented within the business processes and decisions of the Europarc Federation.
27. No liability whatsoever for any consequences arising from the implementation of these recommendations rests with either the Internal Auditor as an Individual, or with the Cairngorms National Park Authority as the employer of the internal auditor.

David Cameron, 17 September 2014
davidcameron@cairngorms.co.uk