

National Park Authority

Audit & Risk Committee

Agenda Item 11 Appendix 1

Draft Governance Statement for inclusion in 2019/20 Annual Accounts

GOVERNANCE STATEMENT

Governance Framework

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Loch Lomond & The Trossachs National Park Authority's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Management Statement for Loch Lomond & The Trossachs National Park Authority. In discharging this responsibility I am held accountable by the Authority's Board, and by Scottish Ministers. In particular, the Authority's Board has Committees in place to develop policy and strategy, manage delivery, and audit and risk, each of which has remits to ensure elements of the Authority's corporate governance, financial 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.

The Operation of the Board and Sub Committees

The governance structure allows a balance of Board time between the oversight of the organisation's performance, discussion and development of policy and strategy and in engaging with issues and stakeholders in the National Park. The structure ensures that the Board is well informed on organisation performance, whilst delegating more detailed responsibilities appropriately to statutory and non-statutory Committees.

The Board and Committees met on the following basis during the year:

- The Board held four formal meetings which were open to the public. These meetings were supplemented by strategic development days, business and strategy sessions and sessions to deliver training to Board members and to brief members on matters of policy and organisational development.
- The Delivery Group met three times. The Delivery Group provides scrutiny and oversight of delivery of the Authority's high priority projects and provides robust assurance of project progress and management to the Board.

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- The Audit & Risk Committee met [four] times to review corporate risk and governance, the annual accounts, annual report and accounting policies and the work of Internal and External Auditors.
- The Chairs and Executive Group met four times to discuss emerging issues in relation to the management of governance, priority issues, financial performance and strategies for the organisation.
- The Planning and Access Committee met [eight] times to consider certain planning applications, enforcement actions, policy papers, legal agreements and access matters.

The outcomes from the Board and its Committees during the year included:

- Approval of the revised Trees and Woodland Strategy, which sets out a clear, ambitious vision for how trees and woodlands are to be protected, enhanced and used within the Loch Lomond & The Trossachs National Park.
- Approved the new Outdoor Recreation Delivery Plan Consultation Document entitled 'Active Park Healthy People'. This would replace the previous Outdoor Recreation Plan 2013-2018 and develop the strategic priorities set out within the National Park Partnership Plan.
- Approved the Annual Update Report on the third season of the operation of The Loch Lomond and The Trossachs National Park Camping Management Byelaws 2017 to submit to Scottish Ministers
- [Approval of the annual budget and annual operational plan for 2020/21] and the corporate risk register for 2019/20.
- Approval for the Authority's pledge for the Youth Committee's #iwill campaign, which aims to make participation in social action the norm for young people aged 10 to 20.
- Approved James Stuart's reappointment as Convenor of the National Park Authority Board for a further three-year term commencing on 2 March 2020.
- Approved the revised Terms of Reference for the Audit & Risk Committee, which were updated following the publication of the Scottish Government's revised Audit and Assurance Committee Handbook.
- [Approved the Climate Change Action Plan annual report 2019/20]
- [Approved the Your Park 3-year report]
- [Approved the litter prevention strategy]

Recommendations from independent Internal Auditors form 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 & Risk 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.

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In particular, the Audit & Risk Committee is tasked with overseeing the development of internal audit plans, reviewing the scope, efficiency and effectiveness of the work of Internal Audit, confirming the adequacy of internal control systems, promoting best practice 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 & Risk Committee. The Audit & Risk Committee reports to the Board on the adequacy and effectiveness of the Authority's internal controls.

The remit of the Audit & Risk Committee also includes receiving reports and advising the Board of any fraud, bribery or corruption, successful or attempted. There were [no] fraud, bribery or corruption attempts to report.

The Authority is subject to a duty of Best Value as set out in the SPFM and the Best Value in Public Services, Guidance for Accountable Officers (Best Value Guidance), issued by the Scottish Government in March 2011. The Authority demonstrates compliance with Best Value Guidance by preparing a summary annual report for review by the Audit & Risk Committee. The Audit & Risk Committee received the Annual Report on Best Value for 2018/19 in June 2019 confirming our compliance with the Best Value Guidance to Accountable Officers. The main monitoring tool we use to demonstrate continuous improvement is our Annual Operational Plan update which is also reported to the Board.

The Internal Audit function is an integral element of the Authority's internal control systems. West Dunbartonshire Council are in their third year of providing Internal Audit Services. This provision of Internal Audit Services was extended, in accordance with the terms of the Memorandum of Understanding, for one further year to 31 March 2020. Procurement has taken place during 2019/20 for Internal Audit Services from 1 April 2020.

Over the course of the year to 31 March 2020, the Internal Auditors have reported to the Audit & Risk Committee on their independent reviews on grants and contributions, the boat registration process, controls risk self-assessment (including compliance with GDPR), sickness absence and independent assurance review of the environmental monitoring framework being used to report on The Loch Lomond and The Trossachs National Park Camping Management Byelaws 2017.

As part of the internal audit process, each member of the Executive team prepares an annual statement of assurance that is presented to the CEO, as Accountable Officer, and shared with the Audit & Risk Committee. These annual statements indicate that reasonable assurance can be placed on the adequacy, effectiveness, robustness, and proportionality of each of the Services arrangements for control, governance and risk management in the year.

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As noted on page 2, Grant Thornton LLP are in their fourth year of their five year term as the Authority's External Auditor.

Risk Management

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 corporate risk management in the activities of the organisation. The Board has provided leadership on the importance of risk management at the highest level within the organisation through adoption of risk-based monitoring reports for delivery of the Annual Operational Plan objectives, National Park Plan delivery, and for wider assessment of organisational performance.

The Audit & Risk Committee and Executive Team lead 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. The Delivery Group oversees the progress of high priority projects at their meetings.

The Executive prepare a Corporate Risk Register, which is approved by the Board with the Audit & Risk Committee providing scrutiny and oversight by monitoring and reviewing risk and providing robust assurance in these areas to the Board. The Register is updated quarterly by the Executive team and reviewed by the Audit & Risk Committee on a quarterly basis. In the event of any risk being increased to a "high" status, this is escalated to the Committee at the earliest opportunity. Two new risk areas were included in 2019/20 covering failure to invest in ICT infrastructure and cyber resilience and the effects of the climate emergency on the natural environment of the National Park.

The Authority has also adopted a risk based approach to the management and monitoring of its Annual Operational Plan, and key aspects of organisational performance. Any increased risk to achievement of targets is assessed, reported to the Executive Team, and, where required, remedial action determined and implemented. Risk management is also a core element of project appraisal and approval processes.

The Authority is in the process of drafting a new Risk Policy, which will cover risk management and risk appetite and tolerance. The principles and scope have been drafted and the new policy [was agreed by the Audit & Risk Committee on 25th June 2020].

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The Assurance framework was also reviewed by the Audit & Risk Committee, which is intended to help the Committee support the Board and Accountable Officer in giving attention to the right issues. The Stage 1 Assurance map detailed the sources of assurance across the organisation and reflected the wide range of activities and statutory functions performed by the Authority, with no gaps being identified.

Data Security

Measures are in place to ensure that information is managed in accordance with relevant legislation. The Authority's policy is to maintain the highest level possible of data security in its operations. Over the course of 2019/20 a number of improvements have been implemented to increase our data and systems security such as; updating End of Life Operating systems such as Server 2008 and Windows 7 onto Server 2016 and Windows 10, replacing End of Life networking equipment and introducing a Cloud based Mobile Device Management system and moving our data connections over the Scottish Wide Area Network (SWAN). The Authority's Cyber Essentials Plus certificate was renewed in [March 2020]. This certifies that the Authority is assessed as meeting the Cyber Essentials Plus implementation profile and therefore, at the time of testing, our ICT defences were assessed as satisfactory against commodity based cyber-attack.

Following on from the implementation of the General Data Protection Regulation [GDPR] and Data Protection Act 2018, the Authority implemented a new Data Protection Procedure for staff, to be used as a reference document for all of the required processes for compliance with the legislation. A review and update of the website privacy and cookie policies has also been completed. Internal Audit performed a control risk self-assessment on GDPR and noted that from the testing conducted, it was their opinion that the Authority are compliant with the regulations. Any data breaches are investigated fully, with recommendations for improvement advised as necessary, and notified to the Information Commissioner as required.

Conclusion

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- The Executive and Managers within the organisation who have responsibility for the development and maintenance of the internal control framework, feedback from whom is obtained through regular meetings of the Executive team, Project Board meetings and discussed, as appropriate, at Operational Managers meetings.

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- The work of the Internal Auditors, who submit regular reports to the organisation's Audit & Risk Committee which include 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.

I have also been advised on the effectiveness of the system of internal control by both the Board and the Audit & Risk Committee. Appropriate action is taken to address recommendations made and ensure continuous improvement of our systems.

The Internal Auditors review concluded that: [the assurance framework in place is founded on a systematic risk management process and provides overall assurance to the Board; and that the assurance framework reflects the organisation's key objectives and risks].

The Internal Auditor's annual report for 2019/20 states that based on the work undertaken over the course of the year, [very effective] arrangements are in place in relation to the systems of governance, risk management and internal control.