

## **Loch Lomond & the Trossachs National Park Authority**

### **Annual Audit Plan 2020/21**

#### **1. Introduction**

- 1.1 The Public Sector Internal Audit Standards require the Chief Internal Auditor to submit the annual audit plan to an appropriate Audit Committee for approval. This report outlines the proposed annual audit plan for Loch Lomond & the Trossachs National Park Authority for 2020/21.

#### **2. Background**

- 2.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within Loch Lomond & the Trossachs National Park Authority. The annual audit plan is designed to assist the Chief Internal Auditor in formulating that opinion.

- 2.2 In developing the annual audit plan, we:

- Consolidated our understanding of Loch Lomond & the Trossachs National Park Authority through discussions with senior management and a review of key strategic documentation;
- Consulted risk registers to understand the nature of inherent risks facing the organisation; and
- Discussed a 3-year outline plan of the areas we propose to cover with management.

- 2.3 Internal Audit work will be undertaken in accordance with the Public Sector Internal Audit Standards which have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### **3. Approach**

- 3.1 We are very mindful of the current stresses placed upon all service areas of the Park Authority by the Covid-19 pandemic. The first role of Internal Audit in these types of crisis situations is to support management in their business critical activity. This will be our priority. We also need maintain an audit focus on the wider strategic priorities of the organisation in the medium and long term. This is challenging due to the rapidly changing wider environment. This audit plan was therefore developed in that context and following valuable discussions with management on the situation at the point of writing this report.

- 3.2 The Public Sector Internal Audit Standards require that the audit plan should be kept under review to reflect any changing priorities and emerging risks. We will therefore ensure the plan remains relevant and reflects any changes to the inherent risks at Loch Lomond & the Trossachs National Park Authority. The Audit and Risk Committee will approve any material adjustments to the audit plan. This will be even more important given the rapidly changing risk environment facing the Park Authority arising from the Covid-19 pandemic.
- 3.3 With that in mind, the audit plan shows the outputs which members of the Audit and Risk Committee and management can expect from Internal Audit during 2020/21. For each audit assignment, we will agree a terms of reference with management prior to commencing fieldwork. A summary of our findings will be agreed in draft with management, prior to reporting to the Audit and Risk Committee.
- 3.4 Our reports will include a summary of main audit findings, highlighting any control weaknesses and recommendations for improvement. Any significant area of control weakness will be reported in the Governance Statement.
- 3.5 We will prepare a standard update report on the audit plan progress and forward-look for each Audit and Risk Committee, with a view to providing members with an opportunity to consider the changing risk environment that is anticipated as a result of the pandemic, and inform any changes to the audit plan.

#### **4. Internal Audit Outputs in 2020/21**

- 4.1 The main output from Internal Audit in 2020/21 will be the Chief Internal Auditor's annual report. This is then used to inform the Loch Lomond & the Trossachs National Park Authority Governance Statement, which is incorporated into the annual accounts. This provides assurance to the Board, the Audit and Risk Committee, and senior management on matters of governance and internal control within Loch Lomond & the Trossachs National Park Authority.
- 4.2 The annual report will be based principally on the work undertaken by Internal Audit during the year to complete the audit plan.
- 4.3 The key areas we will cover in 2020/21, and on which we will provide assurance, are shown in Appendix 1, together with the main control risks associated with these areas.
- 4.4 The Audit Universe, which details all the key areas we currently plan on covering over the 3 year period, is included at Appendix 2.

#### **5. Resources**

- 5.1 In 2020/21, 35 days are available to carry out assurance audit work.
- 5.2 We have identified a dedicated team to deliver the internal audit plan to Loch Lomond & the Trossachs National Park Authority however we are able to draw upon additional audit and specialist resources as required.

**6. Recommendation**

6.1 Committee is asked to approve the Audit Plan for 2020/21.

## Loch Lomond &amp; the Trossachs National Park Authority Internal Audit Plan 2020/21

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
<b>Governance</b>	<p><b>Assurance Mapping</b></p> <p>Prepare an assurance map for the Park Authority which can be used by Management, the Members of the Audit &amp; Risk Committee and Internal/External Audit. We will build on previous work by management in this area. The assurance map will identify the different sources of assurance and also any gaps.</p>	4	Q2	As soon as appropriate – by March 2021	n/a
<b>Compliance</b>	<p><b>Risk Management</b></p> <p>To provide assurance on the current risk management arrangements in operation within the business which is a key governance area for any organisation.</p> <p>This review will be undertaken following the roll out of the revised Risk Management policy.</p>	4	Q3	March 2021	n/a

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
	<p><b>Fleet Management</b> To provide assurance on the current arrangements for management of the fleet of vehicles in use within the organisation. This will include a particular focus on the recent switch to electric vehicles within the fleet and consideration of carbon reduction priorities.</p>	8	Q3	March 2021	<p>Corporate Risk 6 – Failure to adapt to and mitigate against the impacts of Climate Crisis and Nature Emergency, resulting in threats to Park infrastructure and communities, loss of natural capital and reputational damage.</p>
<p><b>Financial</b></p>	<p><b>Financial Governance</b> To provide assurance on the arrangements within the organisation for financial governance, specifically on the areas of budget setting, budget monitoring and reporting throughout the year and keeping those charged with governance advised of the current financial position of the organisation. Of particular relevance in the current challenging financial climate and the risk that without sound financial governance arrangements the ability to deliver the outcomes and priorities within the National Park Authority Partnership Plan and your 5 year plan may be in jeopardy.</p>	5	Q2/3	March 2021	<p>Corporate Risk 2 - Failure to secure an uplift in revenue Grant in Aid, coupled with pressure to fund pay awards plus lack of progress to deliver income generating initiatives severely impacts on resources and services needed to deliver National Park Partnership Plan and Annual Operating Plan priorities</p>

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
<b>ICT</b>	<b>IT Governance</b> The implementation of SWAN could give rise to greater risks initially in relation to IT. Therefore we would propose including an IT general controls review to understand the current landscape in relation to IT. This would then be built upon in future years to take deeper dives into specific areas in relation to IT.	5	Q3/4	June 2021	Corporate Risk 5 - The organisation fails to invest in the ICT infrastructure and the cyber resilience measures required to ensure its day to day essential and secure functioning and the protection of its systems and data.
<b>Follow up</b>	Audit the progress against Internal Audit recommendations, undertaking additional testing as required. Summary progress updates will be reported to the ARC.  Supplementary work will also be undertaken on the Environmental Monitoring Framework in relation to the achievement of goals.	4	Continuous process	Each ARC	n/a  Corporate Risk 6 – Failure to adapt to and mitigate against the impacts of Climate Crisis and Nature Emergency, resulting in threats to Park infrastructure and communities, loss of natural capital and reputational damage.
<b>Head of Audit's Annual Opinion</b>			April 2021	June 2021	n/a
<b>Planning, attendance at meeting, contract management</b>		5	Throughout year	n/a	n/a
<b>TOTAL DAYS</b>		<b>35</b>			

Audit Universe – Loch Lomond & the Trossachs National Park Authority (as at June 2020)

APPENDIX 2

Assurance Area	Audit Area	2020/2021	2021/2022	2022/23	Future Years
<b>Governance</b>	Assurance Mapping	(4)			
	Reputation Management		✓		
	Business Continuity		✓		
	Board/Committee Effectiveness			✓	
	Strategic Planning			✓	
<b>Compliance</b>	Risk Management	(4)			
	Fleet Management	(8)			
	Waste Management				✓
	Health and Safety		✓		
	Conservation Management				✓
	Land Management				✓
	Visitor Experience management				✓
	Carbon management		✓		
	Planning		✓		
	Management of the Ranger Service				✓
<b>Projects</b>	Project Management			✓	
<b>Income/Cash Management</b>	Unannounced spot check visit				✓
<b>Financial Governance</b>	Financial Governance	(5)			
	National Park Grant Scheme		✓		
	Payroll			✓	
	Income and Charging				✓
<b>Human Resources</b>	HR Management (areas that could be covered include starters and leavers, management of seasonal			✓	

Assurance Area	Audit Area	2020/2021	2021/2022	2022/23	Future Years
	staff, attendance management and overtime)				
<b>Procurement</b>	Procurement			✓	
<b>ICT</b>	IT Governance	(5)			
	Application Review		✓		✓
	Cyber resilience			✓	
<b>Follow up</b>		(4)	✓	✓	✓
	Planning, attendance at meeting, contract management	(5)	✓	✓	✓
<b>TOTAL DAYS</b>		<b>35</b>	<b>35*</b>	<b>35*</b>	

\* To be discussed and agreed