



# Draft Internal Audit Plan 2021/22

## Agenda Item 5

### National Park Authority Audit and Risk Committee meeting

Tuesday 9<sup>th</sup> March 2021

Paper for discussion

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#### 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 2021/22.

#### 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 be asked to 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 2021/22. 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 2021/22**

- 4.1. The main output from Internal Audit in 2021/22 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 2021/22, 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 have covered to date and currently plan on covering over the next few years, is included at Appendix 2.

## **5. Resources**

- 5.1. In 2021/22, 35 days are available to carry out assurance audit work, plus 4 days deferred from 2020/21.
- 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 2021/22.

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## APPENDIX 1

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
Governance	<p><b>Business Continuity</b></p> <p>To provide assurance on the business continuity arrangements in place. This will include reviewing lessons learned from the response to the COVID pandemic.</p>	5	Q2	December 2021	<p>Corporate Risk 5 - <b>Business continuity:</b> Key systems or staff that the National Park is dependent on for business continuity (eg IT or Finance personnel and systems) are unavailable, for example due to network failures, staff illness, or personal (eg caring) responsibilities. Business functioning and delivery is impacted.</p>
	<p><b>Reputation Management</b></p> <p>To provide assurance on the arrangements within Loch Lomond &amp; The Trossachs National Park Authority to manage the reputation of the organisation. This will include a review of complaints handling, the use of social media and external communications such as press releases.</p>	4	Q4	June 2022	<p>Corporate Risk 7 - <b>External engagement:</b> Externally generated pressures and issues divert resources to handle effectively, impacting on AOP delivery and organisation resilience</p> <p>Corporate Risk 3 – <b>Visitor pressures:</b> The popularity of the Park given COVID-related travel and holiday patterns, coupled with reduced partner resources and presence stretches NPA operations and results in negative impacts on the destination at popular locations. There is a failure to co-ordinate resources to deal with traffic congestion, illegal and dangerous</p>

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
					<p>parking, visitor safety risks, litter and environmental impacts including matters, perceived to be, but not NPA responsibilities.</p> <p>Corporate Risk 1 -  <b>Estates investment:</b> Failure to strategically invest in our assets and visitor facilities, including in response to COVID-related visitor pressures, results in a sub-standard visitor experience and poor quality tenants leading to higher management costs, sub-optimal income and increased user complaints.</p>
<b>Compliance</b>	<p><b>Risk Management</b>  To provide assurance on the current risk management arrangements in operation within the business which is a key governance area for any organisation.  This review will be undertaken following the roll out of the revised Risk Management policy which was delayed from 2020/21.</p>	4	Q3	March 2022	n/a

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
	<p><b>Planning Application Management</b>            To provide assurance on the current arrangements for managing planning applications received by the Park Authority.</p>	7	Q1	September 2021	N/a

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
<b>Compliance (cont)</b>	<p><b>Health and Safety</b></p> <p>To gain assurance that the Health and Safety arrangements in place within the organisation are being complied with and that they remain fit for purpose.</p>	7	Q2	December 2021	<p>Corporate Risk 8 -</p> <p><b>Health &amp; safety:</b> Our staff, volunteers, or visitors are exposed to unmitigated health &amp; safety risks, including the risk of being infected with COVID-19 in the workplace or at a visitor site, resulting in them becoming unwell, suffering injury, or dying.</p>
<b>ICT</b>	<p><b>Application Review</b></p> <p>To gain assurance that for a specific IT application the system is operating as expected.</p>	6	Q3/4	June 2022	<p>Corporate Risk 5 -</p> <p><b>Business continuity:</b> Key systems or staff that the National Park is dependent on for business continuity (eg IT or Finance personnel and systems) are unavailable, for example due to network failures, staff illness, or personal (eg caring) responsibilities. Business functioning and delivery is impacted.</p>
<b>Follow up</b>	<p>Audit the progress against Internal Audit recommendations, undertaking additional testing as required. Summary progress updates will be reported to the ARC.</p>	3	Continuous process	Each ARC	n/a

Assurance Area	Planned Internal Audit Activity	Days	Proposed Timing	Anticipated ARC Timing	Link to Risks
Head of Audit's Annual Opinion			April 2022	June 2022	n/a
Planning, attendance at meeting, contract management		3	Throughout year	n/a	n/a
<b>TOTAL DAYS</b>		<b>39*</b>			

\* This includes the 4 days brought forward from 2020/21 in relation to the review of risk management which was deferred to 2021/22

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

**APPENDIX 2**

<b>Assurance Area</b>	<b>Audit Area</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/23</b>	<b>Future Years</b>
<b>Governance</b>	Assurance Mapping	(4)			
	Reputation Management		(4)		
	Business Continuity		(5)		
	Board/Committee Effectiveness				✓
	Strategic Planning				✓
<b>Compliance</b>	Risk Management		(4)*		
	Fleet Management	(8)			
	Waste Management				✓
	Health and Safety		(7)		
	Conservation Management			✓	
	Land Management				
	Visitor Experience management				✓
	Carbon management			✓	
	Planning		(7)		
	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				✓

Assurance Area	Audit Area	2020/2021	2021/2022	2022/23	Future Years
<b>Human Resources</b>	HR Management (areas that could be covered include starters and leavers, management of seasonal staff, attendance management and overtime)			✓	
<b>Procurement</b>	Procurement			✓	
<b>ICT</b>	IT Governance	(5)			
	Application Review		(6)		✓
	Cyber resilience			✓	
<b>Follow up</b>		(4)	(3)	✓	✓
	Planning, attendance at meeting, contract management	(5)	(3)	✓	✓
<b>TOTAL DAYS</b>		<b>31</b>	<b>39</b>	<b>35</b>	

\* Deferred from 2020/21

