



Draft Governance Statement for inclusion in 2020/21 Annual Accounts Agenda Item 9 : Appendix 1

National Park Authority Audit and Risk Committee

Tuesday 22nd June 2021

Paper for approval

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1. Governance Framework

1.1. 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.

1.2. In particular, the Authority's Board has Committees in place to develop policy and strategy, discuss emerging issues in relation to the management of governance and priority issues, maintain the sustainability and security of the organisation and advise the Board on risk, control, audit and governance. Each Committee 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.

- 1.3. 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.

2. The Operation of the Board and Sub Committees

- 2.1. 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.
- 2.2. The Board's Committee and Group structure was updated during the year with a view to reducing duplication in reporting and overlap of roles, whilst creating more opportunities to ensure the skills and expertise of Board members are better utilised in strategy and project development.
- 2.3. As a result of this review, the Board approved the dissolution of the Delivery Group and the creation of a new Futures Group.
 - The Delivery Group's remit was to oversee delivery of high priority projects and provide assurance of project progress and management to the Board. However, there was duplication in the role of the Delivery Group, with that of the Board and of the Audit & Risk Committee, with overlap creating inefficiencies for both Board members and staff.
 - At the same time, the Committee and Group structure lacked a frequent formal opportunity for early stage project and idea development. The Futures Group was therefore established to contribute to early thinking on strategic topics or significant projects, prior to further development by staff and subsequent Board decision making.
 - The Futures Group has a core membership of up to five, with all Board members and a representative of the Youth Committee being invited to attend meetings, with attendance optional according to whether the topic is of interest.
 - Since the Delivery Group no longer exists to provide assurance on project risk, this responsibility now falls to the Audit & Risk Committee, where projects are identified as carrying significant risk management. This enables project risk to be considered in light of the broader Committee work, and the understanding it has of the Authority's assurance and control environment.
- 2.4. The results of these changes is that there are clearer routes through the governance structure to the main Board. The Futures Group provides early input on key

strategic projects and the Audit & Risk Committee provides assurance. The Planning and Access Committee continues to cover statutory responsibilities for these specific functions and the Chairs and Executive Group continues to provide early input on operational planning, budgets and Board business planning.

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

- The Board held four formal virtual meetings which were webcast live for public viewing. These meetings were supplemented by three Board update COVID calls during the first quarter of 20/21 and a strategic development day.
- The Delivery Group met once during the year before being dissolved.
- The Audit & Risk Committee met four times to review corporate risk and governance, fraud risk, the annual accounts, annual report and accounting policies and the work of Internal and External Auditors.
- The Chairs and Executive Group met ten times to discuss emerging issues in relation to governance, financial performance and strategies for the organisation. This was a significant increase in frequency, particularly in the early part of the year, which was as a result of the COVID-19 pandemic. In April 2020, the Terms of Reference were amended temporarily and membership extended to allow the Group to take urgent decisions on behalf of the Board if required, with any formal decisions being reported to the next available Board meeting.
- The Planning and Access Committee met six times to consider certain planning applications, enforcement actions, policy papers, legal agreements and access matters.
- The Futures Group met three times for early stage consideration of strategic topics.

2.6. The outcomes from the Board and its Committees during the year included approval of;

- Our Mission Zero Route Map, which presents the rationale and proposed approach by which we aim to achieve net zero greenhouse gas emissions by 2030.
- Our Authority's application to become a signatory of the international Edinburgh Declaration, as part of our commitment to tackling biodiversity (nature) loss and support our ambition to show greater leadership and deliver more for restoring nature in the National Park.
- The Litter Prevention Strategy, with focus on litter and flytipping as an integrated Visitor Management issue.
- The National Park Recovery Plan, incorporating a reprioritised 2020/21 Annual Operating Plan, setting out the adjustment to delivery plans in response to COVID-19.
- A revised Annual Budget for 20/21 taking into account the impact of COVID-19 on both income and costs.
- Ratification of decisions taken by correspondence in accordance with the Standing Orders as a result of the COVID-19 pandemic.

- The dissolution of the Delivery Group and the creation of the Futures Group
- Review and update of temporary COVID-19 governance arrangements.
- The Annual budget and Annual Operating Plan for 2021/22.
- The 2019/20 draft Annual Report and Accounts.
- Approval of the appointments of
 - the Depute Convenor,
 - Chair, Depute Chair and membership of the Planning and Access Committee,
 - Chair, Depute Chair and membership of the Audit and Risk Committee,
 - Chair, Depute Chair and membership of the Futures Group.

3. Internal Audit

3.1. 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.

3.2. 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 Internal Audit function independently follow up on the implementation of recommendations and report their findings to the Audit & Risk Committee. The Audit & Risk Committee reports to the Board on the adequacy and effectiveness of the Authority's internal controls.

3.3. The Internal Audit function is an integral element of the Authority's internal control systems. Audit Glasgow, part of the Glasgow City Council internal audit team, were awarded the contract for Internal Audit Services following the procurement process for three years from 1 April 2020 to 31 March 2023, with provision for a two year extension.

3.4. The Internal Auditors presented the Internal Audit Annual Plan for 20/21 and the Audit Universe, which details the key areas that they plan on covering over the three year period to the Audit & Risk Committee. Over the course of the year to 31 March 2021, Internal Audit have reported to the Audit & Risk Committee on their independent reviews on Assurance Mapping and Financial Governance. Audits were completed on Fleet Management and IT Governance during the year, with the findings being reported to the Audit & Risk Committee in [June 2021].

3.5. As part of the internal audit process, each member of the Executive team prepares an annual statement of assurance that is presented to myself as CEO and 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.

4. External Audit

4.1. Grant Thornton LLP are in their fifth year of their five year term as the Authority's External Auditor. The COVID-19 pandemic resulted in significant disruption for public bodies and their capacity for financial reporting, and to auditors of the public sector. Due to this, the Auditor General for Scotland and the Audit Commission for Scotland extended the current audit appointments by one year, in line with provisions in the current contracts that allow for extensions of up to two years. The appointment of Grant Thornton was for the audit for the financial years of 2016/17 to 2020/21 inclusive. The extension is through to the audit of the 2021/22 year so the Authority will retain Grant Thornton LLP throughout this period.

5. Fraud, Bribery and Corruption

5.1. 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 Fraud Risk Register and Fraud Assessment were re-assessed during the year in light of changes in risk as a result of the pandemic. The results of the review were presented to the Audit & Risk Committee.

6. Best Value

6.1. 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 and Risk Committee. The Audit and Risk Committee received the Annual Report on Best Value for 2020/21 in [September 2020] 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.

7. COVID-19 Governance Arrangements

7.1. Shortly prior to the end of March 2020, the Authority closed all of our operations within the National Park, including our offices and staff began to work from home. Government restrictions meant that it was not possible to hold in-person Board or Committee meetings from the end of March 2020.

7.2. Temporary amended governance arrangements were implemented to ensure continuing appropriate Board Member oversight and timely decision making during the pandemic and to facilitate virtual Board and Committee meetings which could be broadcast to the public. These measures included:

- Formal agreement that for the duration of the social distancing restrictions Board, Committee meetings and the Local Review Body would be held virtually, in line with the provisions in the Standing Orders.
- Appointment of additional Vice Convenor/ Vice Chair positions for the Board, Planning and Access Committee and Audit & Risk Committee, as a contingency for current office bearers becoming unavailable for meetings.
- Formal Board approval by correspondence effective from 8 April 2020 to temporarily amend the Terms of Reference and extend the Membership of the Chairs and Executive Meeting and List of Powers. These amendments allowed the Chairs and Executive Meeting to take urgent decisions on behalf of the Board and approve temporary amendments to Standing Orders for the Board, Planning and Access Committee and the Local Review Body in response to the COVID-19 crisis. Any formal decisions taken were reported to the next available Board meeting.
- These measures were reviewed at the 14 September 2020 Board Meeting, where the amendment of the Terms of Reference of the Chairs and Executive Meeting and the List of Powers was ended.
- The temporary appointments of an additional Vice Convenor/ Vice Chair positions for the Board, Planning and Access Committee and Audit & Risk Committee were extended to 7 December 2020, when these came to an end.
- Board, Committee and Local Review Body meetings continue to be held virtually, until government restrictions on physical distancing and lifted such that in person meetings can be held safely.

7.3. The Board Standing Orders were formally updated during the year in light of the COVID-19 pandemic, covering areas such as business continuity and voting in virtual meetings.

7.4. In addition to the formal governance changes implemented and increased Chairs and Executive meetings in 2020/21, informal conference calls were held with all Board members to ensure all members were kept up to date with developments arising from the COVID-19 pandemic.

7.5. With staff being required to work remotely, business continuity plans were invoked at the end of March 2020 and remote working was implemented immediately on closure of our offices. This included the operation of financial and payment systems and processes, statutory planning functions, enforcement of planning, access and byelaws and supervision of our Estate for safety and security. Over the year we have re-opened facilities in line with the Scottish Government route map and many field staff have returned to their roles as lockdown and travel restrictions have eased. However, throughout the year, in line with social distancing and government requirements, a significant number of our staff have continued to work at home and perform their duties remotely.

8. Risk Management

- 8.1. 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.
- 8.2. 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.
- 8.3. 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.
- 8.4. The Executive prepare a Corporate Risk Register, which is reviewed by the Audit & Risk Committee quarterly to provide scrutiny and oversight of the risks throughout the year. The pandemic significantly changed the risks that we face as an organisation and the pace of change. In response, a specific COVID-19 Corporate Risk Register was established and reviewed by the Board in June 2020 and the Audit & Risk Committee in September 2020. The COVID-19 and Corporate Risk Register were then re-combined later in the year, ensuring that all key risks were captured and monitored cohesively. In addition, since the dissolution of the Delivery Group, the Project Risk Register has been reviewed by the Audit and Risk Committee.
- 8.5. Two new risk areas of risk were included in 2020/21 covering the nature crisis and health and safety. In addition, there is increased focus on business continuity in terms of key staff and systems, and the budget risk has shifted following the significant uplift in Grant in Aid for 2021/22.
- 8.6. The Risk Register has evolved during the year to reflect the changes the Authority has faced. Our approach to risk continues to advance and a new Risk policy is planned for 2021/22, covering risk management, appetite and tolerance. This policy will continue to ensure that the Audit & Risk Committee provide robust assurance to the Board on the monitoring and review of risk.
- 8.7. 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.

9. Data Security

9.1. 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 2020/21 we have continued to implement improvements to increase our data and systems security such as;

- updating End of Life Operating systems and implementing Server 2019
- replacing our single Firewall with a pair of next generation firewalls increasing both our security and resilience
- upgrading our VPN solution in order to maintain secure remote working during the pandemic
- effective security patching
- the implementation of network monitoring appliance.
- upgrading End of Life Wireless Access Points at all sites
- upgrading servers and storage in order to increase capacity for remote working

9.2. The Authority has undertaken a review of our cyber resilience over the last three years and we have been delivering beyond the minimum security benchmark that was set by the Scottish Government in the Cyber Resilience Action Plan for 2017/18.

- The Authority's Cyber Essentials Plus certificate was renewed again in April 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.
- We have implemented the National Cyber Security Centre's Active Cyber Defence programme, which includes protective DNS, email and web site monitoring.
- The ICT team are members of the Cyber Security Information Sharing Partnership, which is a joint industry and government initiative set up to allow UK organisations to share cyber threat information in a secure and confidential environment
- Cyber security training is available to all staff and is now included in the staff induction pack.
- We have implemented Machine Learning based Anti-virus and Network monitoring solutions.
- We have implemented a Cyber Incident Response Plan (CIRP)

9.3. With staff being required to work from home during the year, good practice guidance was issued to ensure ongoing compliance with the processing of personal data in accordance with the General Data Protection (GDPR) and Data Protection Act 2018. There were some minor data protection breaches in the early stages of the lockdown relating to errors made in sending emails. There were no cases which

required reporting to the Information Commissioner and advice was offered in each case to minimise the risk of errors recurring. There has been a gradual increase in the use of privacy notices and data protection impact assessments, and new staff continue to receive induction training on data protection on a one to one basis.

10. Conclusion

10.1. 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.
- 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.

10.2. 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 [there is reasonable assurance that risks are being managed and the organisation's key objectives are being met. Evaluated controls identified a generally sound system of internal control with a few specific control weaknesses].

10.3. The Internal Auditor's annual report for 2020/21 states that [based on the work undertaken over the course of the year, substantially effective arrangements are in place in relation to the systems of governance, risk management and internal control].