



Draft Governance Statement for inclusion in 2021/22 Annual Accounts Agenda Item 11 : Appendix 1

National Park Authority Audit and Risk Committee

Tuesday 7th June 2022

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 remit 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 National Park Authority Board is made up of seventeen Board members. The Board agree the overall direction of the Authority and oversee the work of the Chief Executive and National Park staff. The Board meet in public at least three times a year and the members are tasked with ensuring effective and proper governance of the organisation.
- 2.2. 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.
- 2.3. In addition to the Board, we have another two statutory committees that are required to meet and are held in public. During 2021/22 meetings were held predominantly virtually, with a return to in-person meetings from February 2022. All meetings were webcast live for public viewing.
 - The Planning & Access Committee which normally meets monthly to consider certain planning applications, enforcement actions, policy papers, legal agreements and access matters. The Local Review Body is made up of members of the Planning and Access Committee and meets as required to hear appeals and reviews.
 - The Audit & Risk Committee which meets up to four times a year to support the Accountable Officer in their responsibilities for issues of risk, control and governance and associated assurance.
- 2.4. In addition, there are two other Committees as at 31 March 2022.
 - The Chairs and Executive Group is a standing non-statutory group of the Board and is advisory only. Meetings are timed to ensure effective reporting to and advice on decision-making to the full Board and as a non-statutory group, meetings are not held in public. The meeting provides a responsive grouping of Board members and Executive team staff to discuss emerging issues in relation to the management of governance and priority issues or developments; to maintain the sustainability and security of the organisation;

and to advise the Board on strategic risk or opportunities. The Chairs and Executive Meetings report to the Board.

- The Futures Group is a non-statutory group of the Board and is not held in public. The Futures Group provides an opportunity for Board members to contribute to early thinking on strategic topics. The Futures Group have considered strategic and long-term thinking on Sustainable Transport and the Place Programme in 2021/22.

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

- The Board held four formal meetings – three of which were virtual and one of which was in-person. All the meetings were webcast live for public viewing. These meetings were supplemented by a strategic development day.
- The Futures Group met seven times during the year, including three sessions for all members of the Board
- 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 governance, 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. There was one site visit conducted by the committee in 2021/22.
- The Local Review Body met six times to hear planning reviews.

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

- An amended Core Paths Plan.
- Our Future Nature strategy and route map.
- Our Equalities Mainstreaming Report.
- The Board schedule and calendar for 2021/22 and 2022/23
- The establishment of a non-statutory sub-group of Board members and external stakeholders to commence work on the National Park Partnership Plan for 2024-29
- Our Risk Management Framework
- The Annual Budget and Annual Operating Plan for 2022/23.
- The 2020/21 draft Annual Report and Accounts.

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 reviews 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, are in the second year of their three-year term as the Authority's Internal Auditor. The appointment of Audit Glasgow is for the period 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 22/23 to the Audit & Risk Committee. Over the course of the year to 31 March 2022, Internal Audit have reported to the Audit & Risk Committee on their independent reviews on IT Governance, Fleet Management, Planning Application Management, Review of Health and Safety and Business Continuity. Audits were completed on Risk Management, Reputation Management and GIS Governance during the year, with the findings being reported to the Audit & Risk Committee when available later in 2022/23.
- 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 final year of their contract as the Authority's External Auditor. The appointment of Grant Thornton was for the audit for the financial years of 2016/17 to 2020/21 inclusive. However due to the COVID-19 pandemic, the Auditor General for Scotland and the Audit Commission for Scotland extended the audit appointment by one year, in line with provisions in the current contracts that allow for extensions of up to two years. The extension was through to the audit of the 2021/22 year.
- 4.2. Audit Scotland conducted a tender exercise in 2021/22 on behalf of the Auditor General for Scotland and the Accounts Commission for Scotland and the proposed auditor for the Authority for the financial years 2022/23 to 2026/27 is Mazars.

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.

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 & Risk Committee. The Audit & Risk Committee received the Annual Report on Best Value for 2021/22 in June 2022 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. The operating environment continued to be impacted by the COVID-19 Pandemic throughout 2021/22, and the amended governance arrangements which were implemented in 2020/21 continued to ensure 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 could be held virtually, in line with the provisions in the Standing Orders.

7.2. With staff largely continuing to work remotely and social distancing measures still in place, the majority of Board and Committee meetings were held virtually in 2021/22. Following the expiration of the temporary legislation passed by the Scottish Parliament on 30 September 2021, a number of meetings began to take place in person, although caution was still exercised as the 'Omicron' variant emerged and Scottish Government guidelines were updated. From February 2022, all statutory meetings have returned to being held in person.

7.3. All statutory meetings have continued to be streamed online via our website to allow members of the public to access proceedings remotely – this has maintained the increased accessibility and reach of our public access.

8. Board Continuity and Development

8.1. 2022 sees the potential for a large amount of change in Board membership and committee make up, with Local Government Elections, LLTNPA Elections and the

expiry of ministerial appointees' terms. To manage and plan for this period, several operational activity plans have been developed:

- Board Appointments Plan 2022 (inc. Locally elected Members Plan)
- Board Equality and Diversity Plan
- Board Training and Development Plan (inc. Induction Plan)

8.2. A Board Shadowing Pilot Project has also been developed and began in May 2022.

9. Risk Management

- 9.1. 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.
- 9.2. 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.
- 9.3. 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. In 2021/22, on the recommendation of Audit & Risk Committee, the Board approved the adoption of our Risk Management Framework, which seeks to standardise risk management across all areas of the organisation.
- 9.4. As noted in the Overview on [page four], the Executive prepare a Corporate Risk Register, which is reviewed by the Audit & Risk Committee quarterly (three times a year) and once by the Board to provide scrutiny and oversight of the risks throughout the year. This includes scheduled risk deep dives; in 2021/22, Audit & Risk Committee held focused discussions on both Reputational and Climate Change risks.
- 9.5. Over the period covered, there were four additions to the Corporate Risk Register around major planning applications, ongoing legal challenges, and Board elections. Our most significant risks pertain to climate change, business continuity and visitor pressures. Similarly to last year, we continue to monitor the impact of COVID-19 on the organisation. More detail on our key risks is set out in page [insert number] of our Performance Report.
- 9.6. The Audit & Risk Committee also review our Projects Risk Registers quarterly, which highlight any risks deemed significant by Project Board.
- 9.7. As noted in the Performance Analysis on [pages five and six], 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.

10. Data Security

10.1. 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 2021/22 we have continued to implement improvements to increase our data and systems security such as;

- updating / or removing End of Life software and systems
- effective security patching
- the implementation of remote penetration testing solution to improve our security monitoring
- improving server and storage upgrade capabilities in order to improve security while making the process more efficient
- We have upgraded our Machine Learning based Anti-virus solution to include extended logging to aid Cyber investigations
- We have introduced a new Phishing training and simulation system
- We have set high levels of basic data security within M365, which will be fully developed in 22/23
 - Blocked access from outside of the UK
 - ICT Manage guest access to our Tenancy instead of users

10.2. 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 January 2022. 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 continue to implement 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.

10.3. The Authority has had no instances of loss of data or personal information over the course of the year which required disclosure to the Information Commissioner (2020/2021 – nil). There were two minor cases of emails being sent to incorrect recipients. In a further case, a member of staff was directed to send an online meeting invitation to multiple external recipients, which should have been issued by

email with the meeting link, using the blind copy function to avoid sharing all email addresses with all recipients. This error was quickly noted, and an email was sent with advice and contact details for all recipients to follow up with any concerns.

11. Conclusion

11.1. 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.

11.2. 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 for 2021/22 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].

11.3. The Internal Auditor's annual report for 2021/22 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].