

Loch Lomond & The Trossachs National Park Authority

Risk Management

Final Report

AUDIT GLASGOW

May 2022



**Loch Lomond & The Trossachs National Park Authority
Risk Management**

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FS 57095
Management System Certification

Loch Lomond & The Trossachs National Park Authority Risk Management

1. Introduction

1.1 As part of the 2021/22 Internal Audit plan we have carried out a review of the risk management arrangements within Loch Lomond & The Trossachs National Park Authority (the Park Authority).

1.2 A robust risk management framework is a fundamental component of effective corporate governance within an organisation. This includes the processes in place for identifying, assessing, managing, reporting and controlling risks. The Park Authority is currently reviewing and improving the risk management arrangements in place throughout the organisation. The review commenced before the course of our fieldwork and is being undertaken by senior management with involvement from the Audit and Risk Committee and Board. We have therefore taken account of this when preparing our report.

1.3 The purpose of the audit was to gain assurance that there are adequate risk management arrangements in place within the Park Authority and that these are fit for purpose and operating as intended. The scope of the audit included reviewing:

- The risk management processes and procedures in place;
- The arrangements to ensure that there is a corporate approach to the identification and evaluation of risk which is linked to the Business Plan and is understood by all relevant staff;
- The arrangements in place for the ongoing monitoring and assessment of risk and the associated controls put in place to manage risks;

- The arrangements to ensure that there are defined procedures in place for the recording and reporting of risk and these are being followed;
- The arrangements in place to ensure that managers are accountable for risks that they are the risk owners for;
- The arrangements for ensuring mitigating actions have been identified and implemented for all risks; and
- The arrangements in place to provide the Board/Audit and Risk Committee and senior management with the necessary updates on the management of risk within the organisation.

2. Audit opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and five recommendations which management should address.

3. Main Findings

3.1 We are pleased to report that some key controls are in place and operating effectively. We found that there is a corporate approach to the identification and evaluation of risks and the Corporate Risk Register is aligned to the Park Authority's Annual Operating Plan activities. Arrangements are in place to ensure that risks and mitigating actions are subject to ongoing monitoring and a process for escalating risks has been agreed and documented.

3.2 However, our audit testing found that there are some areas where controls could be improved. A Risk Management Framework (RMF) was approved by the Board in March 2022 that provides clear guidance in relation to risk management and outlines the roles and responsibilities, however as the

RMF has only been recently approved it has not yet been rolled out to staff. We also found that there is currently no Risk Appetite Statement in place.

- 3.3 At present, staff are not required to complete risk management training. We have been informed that this is an area that management are planning to address as part of the RMF rollout.
- 3.4 We found that appropriate risk owners have not been appointed for all risks identified. The current Risk Register template does not contain all necessary information. Although we were provided with a draft template that will be rolled out as part of the RMF, we identified additional improvements that could be made.
- 3.5 We found that although there are adequate arrangements in place for the review and update of the Risk Registers, a sufficient audit trail of these reviews is not maintained. Reporting arrangements for the Corporate and Project Risk Register (the main risks of the projects deemed high priority) is in place, however currently Individual Project Risk Registers do not have any formal reporting arrangements.
- 3.6 Although the Corporate Risk Register covers the organisation as a whole, the risks are high level, and no service area specific Risk Registers are in place. Through discussion and review it was found that the mitigating actions noted against a number of risks contained within each of the current Risk Registers are a mix of implemented and planned actions. Despite this all mitigating actions have been used to assess the residual risk score.
- 3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made

five recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	1
Medium	Less critically important controls absent, not being operated as designed or could be improved.	4
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 It is recommended that the Chief Internal Auditor submits a further report to the Audit and Risk Committee on the implementation of the actions contained in the attached Action Plan.

4. Action Plan

Title of the Audit: Loch Lomond & The Trossachs National Park Authority – Risk Management

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Adequate risk management guidance and training is available to staff.				
1	<p>A Risk Management Framework (RMF) has been established that provides clear guidance in relation to risk management, including roles and responsibilities. The RMF was approved by the Board in March 2022, however as it has only been approved recently it has not yet been rolled out to staff for implementation. It is intended that the document will be held on Park Central, and an email will be issued advising staff of its location and requirement to read.</p> <p>We found that there is currently no Risk Appetite Statement in place. We were advised that this will be developed once the RMF is rolled out and will involve discussions between senior management and the Board.</p> <p>Although a generic E-Learning risk management training course is available, currently staff are not required to complete this. We were advised that this will be mandatory for all staff as part of the RMF roll out. It is intended that workshops in relation to the specific risk management arrangements in place within the Park Authority will be provided to all staff, starting with Operational Managers and Project Leads. These will commence in the next few months.</p>	<p>Senior Management should ensure that the RMF is uploaded to Park Central and its location and requirement to read communicated to staff. Thereafter, management should ensure that the requirements of the RMF is rolled out as soon as possible, this should include:</p> <ul style="list-style-type: none"> • Drafting a Risk Appetite Statement; and • Ensuring all relevant staff have completed the E-Learning risk management training course. <p>A timetable for the risk management workshops should be developed to ensure that these are completed as soon as possible. Arrangements should be developed to ensure that completion levels of risk management training are monitored and reported regularly to senior management.</p>	Medium	<p>Response: Accepted.</p> <p>As part of the rollout of the Risk Management Framework, a Risk Appetite workshop will be held with Board and Executive Team. Following this, a review timetable will be established.</p> <p>Training will be mandatory for Operational Managers and Project Managers - completion rates will be monitored. Consideration will then be given to other staff who would benefit from the E-learning Risk Management Training course.</p> <p>Officer Responsible for Implementation:</p> <p>Corporate Performance Manager</p> <p>Timescale for Implementation:</p> <p>30 November 2022</p>

	This increases the risk that staff are not fully aware of their responsibilities in relation to risk management.			
Key Control: Mitigating actions are in place for all risks identified.				
2	<p>Whilst there is a process in place for identifying mitigating actions for each of the risks contained within the Risk Registers, through discussion and review it was found that the mitigating actions noted against a number of the risks are a mix of implemented actions and future planned actions. Despite this all actions noted have been used to assess the residual risk score.</p> <p>If mitigating actions are not implemented as described in the Risk Register, there is an increased likelihood that the noted residual risk scores do not accurately reflect the current risk environment.</p>	Management should ensure that all Risk Registers clearly separate implemented and future planned actions. Thereafter, only implemented actions should be used when calculating the residual risk score.	High	<p>Response: Accepted.</p> <p>Risk registers will be updated to include.</p> <p>Officer Responsible for Implementation:</p> <p>Corporate Performance Manager</p> <p>Timescale for Implementation:</p> <p>30 November 2022</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There are appropriate arrangements in place for reporting updates on all risks.				
3	<p>Although there are sufficient reporting arrangements for the Corporate and Project Risk Register, currently there are no formal reporting arrangements in place for all Individual Project Risk Registers. Management have advised that a review of the project management arrangements, including the reporting of Risk Registers to the Project Board is currently ongoing.</p> <p>There is therefore a risk that Individual Project Risk Registers may not be sufficiently scrutinised.</p>	Management should ensure that appropriate reporting arrangements for Individual Project Risk Registers are introduced.	Medium	<p>Response: Accepted.</p> <p>Process will be developed to ensure that appropriate reporting arrangements are in place for Individual Project Risk Registers.</p> <p>Officer Responsible for Implementation:</p> <p>Corporate Performance Manager</p> <p>Timescale for Implementation:</p> <p>30 November 2022</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Appropriate risk owners have been appointed to all risks.				
4	<p>Although we found that arrangements are in place to appoint risk owners, for a number of risks within the Project Risk Register and Individual Project Risk Registers, a group of officers have been appointed, e.g. – Project Team rather than a specific officer.</p> <p>Therefore there is an increased risk that risks may go unmanaged as no specific officer is accountable.</p>	Management should ensure that a specific officer is appointed the risk owner of each risk to ensure that it is clear who is responsible for managing the risk.	Medium	<p>Response: Accepted.</p> <p>Individual risk owners will be appointed.</p> <p>Officer Responsible for Implementation:</p> <p>Corporate Performance Manager</p> <p>Timescale for Implementation:</p> <p>30 November 2022</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Adequate arrangements are in place for the recording and review of risks.				
5	<p>Although the Corporate Risk Register includes risks that impact the overall organisation, the risks are high level and no service area specific Risk Registers are in place. Therefore, the risks that affect a specific service area may not be identified and managed.</p> <p>We found that although there are adequate arrangements in place for the review and update of the Risk Registers, a sufficient audit trail of these reviews is not maintained. Currently tracked changes are used to record changes to Risk Registers reported, however the current template used does not include the date each risk was reviewed therefore the auditor could not confirm that each risk had been reviewed as expected.</p> <p>The current Risk Register template has been reviewed as part of the RMF rollout and additional headers have been added, however this could be improved by including some additional detail, for example:</p> <ul style="list-style-type: none"> • Risk reference • Status (closed/open) • Officer Responsible • Risk Treatment Approach • Date Reviewed • Date of next Review • Movement in Period 	<p>Senior management should consider implementing service area specific Risk Registers. If this is not appropriate, arrangements should be developed to ensure that local risks are identified and managed through the Corporate Risk Register.</p> <p>Management should also consider reviewing the format of the Risk Register template to include the detail noted in the observation. As a minimum, the date reviewed, and risk reference should be added.</p>	Medium	<p>Response: Accepted.</p> <p>Senior Management will consider implementing service area specific Risk Registers. If not deemed appropriate, alternative methods for raising and monitoring directorate risks will be explored. Management will review the Risk Register template and update accordingly.</p> <p>Officer Responsible for Implementation:</p> <p>Corporate Performance Manager</p> <p>Timescale for Implementation:</p> <p>30 November 2022</p>