

Draft Governance Statement

Agenda Item 10 – Appendix 1

Tuesday 6th June 2023

Paper for approval

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1. Governance Statement

- 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. Board and Committee Structure

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. We have two statutory committees that are required to meet and are held in public:

2.2.1. The Planning & Access Committee which meets approximately 6 times a year, as required, 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 & Access Committee and meets as required to hear appeals and reviews.

2.2.2. 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.

2.3. 2022/23 saw a return to the majority of meetings being held in person, with the flexibility of virtual and hybrid meetings when appropriate. All but one of our statutory meetings were webcast live for public viewing; on the one occasion where this did not occur, it was because the meeting was held in a local community. In person attendance was encouraged and advance notice was provided on our website.

2.4. In addition, there are two other Committees as at 31 March 2023:

2.4.1. 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 in order to be able 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.

2.4.2. 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, utilising external speakers and interactive workshops to engage Members.

3. The Operation of the Board and Committees

3.1. 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.

3.2. The Board and Committees met on the following basis during 2022/23:

- The Board held seven formal meetings – four of which were scheduled and three of which were Special Meetings. Special Meetings were held at the beginning and end of the process of reviewing the Loch Lomond Byelaws and a Special Meeting was held to hear the major planning application for a Fish Farm at Loch Long – this meeting was held open to the public in the community at Arrochar. All other meetings were webcast live for public viewing. These meetings were supplemented by a strategic development day.
- 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. All meetings were open to the public and webcast live for public viewing.
- 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 four times to consider certain planning applications, enforcement actions, policy papers, legal agreements and access matters. All meetings were open to the public and webcast live for public viewing.
- The Local Review Body met five times to hear planning reviews. All meetings were webcast live for public viewing.
- The Futures Group met twice during the year.

3.3. The outcomes from the Board and its Committees during the year included consideration of;

- Our Place Investment Strategy
- The Loch Lomond (Navigation) Byelaw Review
- Our Revised Code of Conduct
- Role Profiles for Board Positions
- An update to our Future Nature route map
- Committee Membership and Board Leadership elections
- A Major Planning Application for a Fish Farm at Loch Long
- The Future of National Parks in Scotland Consultation Response
- The National Park Partnership Plan 2024-2029 Draft
- The Annual Budget and Annual Operating Plan for 2023/24
- The 2021/22 Annual Report and Accounts
- Our Board Schedules for 2024 and 2025

4. Internal Audit

- 4.1. 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.
- 4.2. 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.
- 4.3. 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. In December 2022, the Audit & Risk Committee agreed to a one-year extension to the contract, which will end on 31 March 2024, unless extended again.
- 4.4. The Internal Auditors presented the Internal Audit Annual Plan for 2022/23 and the Audit Universe, which details the key areas that are being covered during their appointment. Over the course of the year to 31 March 2023, Internal Audit have reported to the Audit & Risk Committee on their independent reviews on Reputational Management, Establishment Visits, Cyber Resilience and Payroll. Audits were completed on Carbon Management during the year, with the findings being reported to the Audit & Risk Committee in June 2023.
- 4.5. 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.

5. External Audit

- 5.1. Mazars are in the first year of their contract as the Authority's External Auditor. This follows a tender exercise conducted by Audit Scotland in 2021/22 on behalf of the Auditor General for Scotland and the Accounts Commission for Scotland, in which Mazars were appointed auditor for the Authority from 2022/23 until 2026/27.

6. Fraud, Bribery and Corruption

6.1. The remit of the Audit & Risk Committee also includes receiving reports and advising the Board of any fraud, bribery or corruption, successful or attempted. One impersonation fraud attempt occurred, which as per our policy was not considered significant enough to report to the Audit & Risk Committee, but a summary was given to Internal Audit and a verbal update was provided to the Chair.

7. Best Value

7.1. 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 2022/23 in June 2023 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.

8. Board Continuity and Development

8.1. 2022/23 saw a large amount of change in Board membership and Committee make up, with Local Government elections, the Authority's local elections and the expiry of ministerial appointees' terms. In order to manage and plan for this period, a number of operational activity plans were developed and implemented:

- Board Appointments Plan 2022
- Board Equality and Diversity Plan
- Board Training and Development Plan (including Induction Plan)
- Board Skills Analysis and Succession Planning

8.2. A Board Shadowing Pilot Project with an emphasis on increasing diversity and engagement was launched in June 2022, and a Work Placement Programme - which was developed with McLaren High School - saw a member of our Youth Committee work closely with the Board throughout the year.

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.
- 9.4. As noted in the Key Risks on page [11], 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. This includes scheduled risk deep dives; in 2022/23, Audit & Risk Committee asked for focus on the Loch Lomond Byelaw Review, and undertook an awareness session in relation to Water Safety.
- 9.5. As noted in the Performance Analysis on pages [12 to 18], 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 and delivery. 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 2022/23 we have continued to implement improvements to increase our data and systems security such as;
- 10.2. New administrative controls such as;
- New IT Acceptable Use and Security policies.
 - Separation of standard user and administrative accounts within the Information Services team, ensuring privileged accounts are not being used for daily tasks.
 - Vulnerability Management and tracking
 - Cyber Incident log
 - Secure configuration of Microsoft 365 tenancy, introducing new technical controls such as;
 - Secure configuration of Microsoft 365 tenancy
 - Multifactor authentication
 - Conditional access policies
 - Role Based Access Control (RBAC)
 - Geofencing (access from outside the UK is blocked)
- 10.3. The Park Authority continues to work with auditors and independent accreditation bodies in order to ensure the continued improvement of our data security.
- 10.4. The Authority's Cyber Essentials Plus accreditation was successfully renewed again in January 2023. This certifies that the Park 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.

- 10.5. The Park Authority conducted an independent review of the security posture of our Microsoft 365 Tenancy.
- 10.6. The Park Authority completed a full Cyber Resilience Internal Audit.
- 10.7. The Authority continues to provide on-going regular Cyber Security Training to all users.
- 10.8. 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 (2021/2022 – nil). There were four minor cases of emails being sent to incorrect recipients; the Data Protection Officer issued advice to staff in all cases. In three cases emails were sent externally, the recipient was asked to delete the email and the risk of harm was assessed to be low. In one case, information containing personal data was inadvertently shared with several staff as part of an email chain. All staff who received the message were directed to delete the email and confirm to the Data Protection Officer this had been done.

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:
- 11.2. 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.
- 11.3. 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.
- 11.4. Comments made by the External Auditors in their management letter and other reports.
- 11.5. 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 2022/23 concluded that [the Authority has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.]
- 11.6. The Internal Auditor's annual report for 2022/23 states that [based on the audit work undertaken and the assurances provided by the Executive Team, in the opinion of the Internal Auditors, reasonable assurance can be placed upon the

adequacy and effectiveness of the governance and control environment which operated during 2022/23 within the Authority.]