

2023 Question - Mazars	2023 Management Response
<p>1) What are management’s processes in relation to:</p> <p>a) undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);</p> <p>b) identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;</p> <p>c) communicating to employees views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation’s code of conduct); and</p> <p>d) communicating to those charged with governance the processes for identifying and responding to fraud or error?</p>	<p>a) A formal fraud risk assessment was conducted in November 2020 and the results reported to the audit and risk committee. This followed an assessment against 47 individual risks, which were scored in terms of impact and likelihood. No medium or high rated risks were identified in relation to financial statement misstatement. There have been no significant changes in the operating environment, accounting policies or procedures or systems since the assessment was completed.</p> <p>b) The Authority has a risk management framework, which has been reviewed by the Audit and Risk Committee (ARC) and presented to Board. This sets out the tools in place to manage and report on risk including our risk registers, the methodology for assessing risk (impact and likelihood), the risk types and the risk categories. The definition of financial risk includes non-compliant financial reporting and the impact assessment quantifies the financial risks (which would include misstatement in the financial statements). There is a corporate wide risk register and a project risk register and the owners will identify risks for reporting to the Project Board and Executive team (and upwards to the ARC and Board). Any risks that impact the financial statements, including any risk of financial statement misstatement, would be reported through the registers.</p> <p>c) The Authority issued an updated Staff Code of Conduct in March 2023. This outlines the standards of behaviour expected from all members of staff. This was circulated to all staff via an update on Park Central.</p> <p>d) The risk management framework identifies the reporting and escalation of risks, including trigger points. This highlights the escalation to the Project Boards, Executive and ARC and Board of risks within the risk registers. It is based on scoring in terms of impact and likelihood.</p>

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<p>2) What is management's processes to identify and respond to the risk of fraud and possible breaches of internal control? Is management aware of any breaches of internal control during 2022/23? Please provide details.</p>	<p>A fraud, bribery and corruption policy is in place which outlines our approach to fraud risk, including prevention and responding to fraud and fraud risk. There are processes across the organisation, including IT, HR, Finance and Legal to prevent and identify fraud. There is a Fraud Response Plan which outlines the arrangements in place when a suspected fraud is reported.</p> <p>During year ended 31 March 2023 one impersonation fraud attempt occurred, which as per our policy was not considered significant enough to report to the Audit &amp; Risk Committee, but a summary was given to Internal Audit and a verbal update was provided to the Chair. This was disclosed in the Governance Statement of the Annual Report which has been approved by the Audit &amp; Risk Committee.</p>
<p>3) Do you have knowledge of any actual, suspected or alleged fraud during the period 1 April 2022 to 31 March 2023? Where appropriate please provide details.</p>	<p>See previous response</p>
<p>4) Do you have any suspicion that fraud may be occurring within the organisation? Please provide details.</p> <p>a) Has management identified any specific fraud risks within the organisation? Please provide details.</p> <p>b) Does management have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details.</p> <p>c) Are there particular locations within the organisation where fraud is more likely to occur? Please provide details.</p>	<p>There are no specific fraud risks identified and management do not have any concerns or suspicions that fraud may be occurring. The instance of attempted impersonation fraud referenced above was a one off issue that was identified and escalated before it took place.</p>
<p>5) Are you satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details.</p> <ul style="list-style-type: none"> <li>• If not, where are the risk areas?</li> <li>• What other controls are in place to help prevent, deter or detect fraud?</li> </ul>	<p>Yes.</p> <p><u>Internal Audit</u></p> <p>The internal audit process provides independent scrutiny around internal control and provide an annual opinion, in addition to the specific audit reports for the year. Recommendations from independent Internal Auditors form a key and essential element in informing the effectiveness of the systems of internal control. The Board's Audit &amp; 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. In particular, the Audit &amp; Risk Committee is tasked with overseeing the development of internal audit plans,</p>

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	<p>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 presented to both management and the Audit &amp; Risk Committee and are published on our website with the ARC papers.</p> <p><u>Statements of Assurance</u>                  Each member of the Executive team prepares an annual statement of assurance that is presented to the CEO, as Accountable Officer, and shared with the Audit &amp; 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. The operational managers responsible for each area feed into this process. Areas for improvement are identified, alongside improvements that have been made in the year as well as reviewing any planned improvements for the previous year.</p> <p>In addition to these processes, policies and procedures are in place to ensure appropriate controls and segregation of duties are in place. Staff are clear on their responsibilities and trained to ensure knowledge and competence. In addition to segregation of duties and the pervasive controls, key controls include reconciliations, restricted systems access, management accounts and budget monitoring.</p>
<p>6) How are staff encouraged to report their concerns about fraud, and what are the types of concerns they are expected to report? Please provide details.</p>	<p>There are a few reporting channels for fraud available to staff outlined in the fraud procedure and there is also a whistleblowing policy. These policies are on the intranet for all staff. Where a whistleblowing issue is raised and the person concerns asks for their identity to be protected, it will not be disclosed without consent and as far as is reasonably practical. Staff are required to report any suspected fraudulent activity and are supported by the organisation.</p>

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<p>7) From a fraud and corruption perspective, what do you consider to be high risk posts within the organisation? Please provide details.</p> <ul style="list-style-type: none"> <li>• How are the risks relating to these posts identified, assessed and managed?</li> </ul>	<p>As a NDPB, we are governed by the SPFM and the MSFM which set out the framework in which we operate. This includes approval limits within the organisation. Further, we have a delegated authority policy and scheme of delegation by level and role within the organisation, which determines the monetary value of for approving purchase orders and invoices. In addition, the SG Procurement framework sets out thresholds and requirements for procurement authority. As such, the governance framework across the organisation ensures consistency in approval limits in line with SG requirements.</p> <p>Although the NPA received an unsatisfactory internal audit review of the Procurement function in June 2023, the findings did not indicate an elevated fraud or corruption risk. There were no findings with respect to the application of controls around delegated authority and the approval of purchase orders and invoices.</p>
<p>8) Are you aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details.</p> <ul style="list-style-type: none"> <li>• How are the risks associated with fraud related to such relationships and transactions mitigated?</li> </ul>	<p>None identified</p> <p>There is a Register of Interests policy in place which was updated in March 23. (Board Members obligations are covered in the Code of Conduct for NPA board members). This requires staff to report their interests and any conflicts, including potential for fraud risk, reviewed with the line manager. On an annual basis, the Exec and Board Register of Interests are reviewed against financial transactions in the year to check and report on any related party transactions. These are presented to the Audit &amp; Risk Committee</p>

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<p>9) Are you aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading? Please provide details. • Are there particular balances where fraud is more likely to occur? Please provide details. • Are there any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details. • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors which are high risk of fraud? Please provide details.</p>	<p>Management are not aware of any entries in the accounting records of the organisation that it believes or suspects are false or intentionally misleading. Accounting estimates for pensions and property valuations are supported by valuation reports from the relevant third party experts. Third party cash held in respect of the Greater Cononish Glen management bond is correctly excluded from the NPA Annual Accounts. Management accounts are scrutinised on a monthly basis by the Finance Manager, relevant Operational Managers and the Exec team.</p>
<p>10) Are you aware of any organisational, or management pressure to meet financial or operating targets? Please provide details. • Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details.</p>	<p>There is no organisational or management pressure to meet financial or operating targets. The budget review process in Q2 allows for revision of the annual budget targets in response to organisational and external conditions and priorities.</p>

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<p>11) How does management gain assurance that all relevant laws and regulations have been complied with. For example: a) What process is in place for identifying and responding to changes in laws and regulations? Please provide details. b) What arrangements are in place for the Audit and Risk Committee and/or Board to oversee this process? c) What arrangements are in place for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details. d) Do you have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so what actions management is taking to address it? Please provide details.</p>	<p>a) Compliance with laws and regulations is the starting point for the organisation's policies and procedures. Changes in policy are reviewed by the Policy Review Group.</p> <p>The organisation has an in-house Legal Team which includes three experienced, qualified solicitors. There are also various other specialist advisors in other teams such as Health and Safety Officer, Information Officer (FOI, Data Protection, Records Management), Parks for All Group (Equality) and they are responsible for advising on compliance with relevant legislation. Other staff operating in their roles within the organisation have the requisite qualifications, skills and knowledge of their areas and are required to keep up to date with legislative changes and to identify any areas of non-compliance and risk e.g. procurement, enforcement etc. Where appropriate, external legal advice is obtained from our external solicitors. Part of the core role of the Legal Team and other specialists advisers is to identify relevant legal requirements and to ensure any potential non-compliance is identified as a risk and escalated via appropriate reporting process e.g. Project Board of Executive. Project set up documentation requires staff to work with the Legal Team to scope out legal requirements and then to report on them to the Project Board. Risk management framework includes 'legal risk'. Regular independent internal audits are carried out assist to ensure compliance with relevant policies, procedures and any relevant legislation or regulation. In the event that any non-compliance is identified via an internal audit, this reported to the Audit &amp; Risk Committee and appropriate action taken. The Executive Team prepare annual Statements of Assurance for review by the Accountable Officer, Head of Internal Audit, and Audit &amp; Risk Committee and these highlight areas for improvement. There are no known changes to the regulatory environment that would significantly impact on the Financial Statements.</p>
	<p>b) As noted previously, through internal audit reports, statements of assurance and reporting of any fraud, bribery or corruption issues.</p>
	<p>c) New and updated policies are communicated through updates on Park Central - the Authority's intranet which accessed by all staff. Board Members receive updates on legal matters through the monthly Board Bulletin. Training is provided as appropriate on relevant legal topics.</p>

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	d) No known issues of suspected or actual non-compliance with laws or regulations, with an ongoing impact on the 22/23 financial statements.
12) Are you aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.	There is one live legal case which is reported separately (Glenoglehead Site Access). The Park Authority was successful in the Gartmore House Judicial Review case (4/3/22). LLTNPA were successful in pursuing expenses in relation to this case (75% of total expenses)
13) How has management assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?	Loch Lomond & The Trossachs National Park which was created in 2002 under the National Parks (Scotland) Act 2000. The Loch Lomond and The Trossachs National Park Designation, Transitional and Consequential Provisions (Scotland) Order 2002 designated the National Park Authority as the body charged with delivering the aims of the National Park. Therefore unless legislation was amended to remove the status of the National Park there is a requirement for the Authority to continue to exist and be funded by Scottish Government. The service provided by the Authority is unique in relation to delivery of the aims of Loch Lomond & The Trossachs National Park. The CEO and Executive team work closely with our Sponsor Team at SG, with regular meetings and communications. The CEO also communicates directly with the Minister on a regular basis. These communication lines would alert management to any events/ conditions around the future services of the National Park. No known factors that would impact the going concern basis. GIA for 23/24 remained in line with 22/23 including an additional £500k for visitor management funding for the year to support the services we provide. The Authority has a 5 year capital spending allocation from 20/21 to 25/26. Medium term forecasts have been prepared and updated for SG in preparation for the 5 year Resource Spending Review. If GIA uplifts were not awarded, then we would balance our budget by reducing activity and discretionary spend. Although cuts would impact the delivery of outcomes, they would enable us to deliver core functions and operate as a going concern. As we have a current 1 year settlement for revenue, a conservative approach is taken to long term fixed commitments (e.g. recruitment).

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<p>14) Has management identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation's ability to continue as a going concern? Please provide details.</p>	<p>None identified. Scottish Government have been signalling an increasingly challenging overall financial budget. In May 2023 the NPA were asked to complete a Strategic Approach to Budgeting Commission of Resource Spending (RSR) Allocations requesting spend to be modelled on the basis of zero paybill growth, 3% efficiency savings and funding for legal/statutory and Bute House Agreement commitments only.</p> <p>As noted above, such conditions would limit the strategic and operational activities of the Authority but it would not undermine the ability to continue as a going concern.</p> <p>There has been no subsequent indication as to whether future RSR allocations would reflect the constraints used in this Commission.</p>
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