



# Draft Governance Statement

## Agenda Item 9 - Appendix 1

### National Park Authority Audit and Risk Committee

Tuesday 4<sup>th</sup> June 2024

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. 2023/24 saw all our statutory meetings being held in person, with the flexibility of virtual and hybrid meetings when appropriate. Most of our statutory meetings were webcast live for public viewing; where this did not occur, it was because of technological constraints relating to the meeting being 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 2024:
  - 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.
  - 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 2023/24:

- The Board held four formal meetings – all of which were scheduled. All meetings were physically accessible to members of the public and webcast live for wider public viewing. These meetings were supplemented by a strategic development day in September. Due to the ongoing Mission Zero implementation work taking place at our Headquarters, three of these meetings were held externally – two at Lomond Parish Church in Balloch and one at Kinlochard Village Hall.
- 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. Two meetings were held at our HQ in Balloch and two at Lomond Parish Church. All meetings were accessible to the public.
- 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 six times to consider certain planning applications, enforcement actions, policy papers, legal agreements and access matters. All meetings were open and accessible to the public. There were meetings in the community at St Fillans and Balloch.
- The Local Review Body met twice to hear planning reviews. Both meetings were accessible to the public.
- The Futures Group met twice during the year.

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

- The National Park Partnership Plan 2024-2029
- Updates against delivery of our 2023/24 Annual Operational Plan
- Our Annual Operational Plan and Budget for 2024/25
- Our Estates Strategy
- Progress on the Outcomes of our Equalities Mainstreaming Report
- The 2022/23 Annual Report and Accounts
- Progress on our Sustainable Travel work
- The Audit and Risk Committee Annual Report

- Our Framework Agreement with Scottish Government
- The Organisational response to the Scottish Government's consultation on Scotland's Strategic Framework for Biodiversity
- Regular Finance updates
- Our draft Gaelic Language Plan
- Annual updates on Mission Zero, Future Nature, Place Investment Strategy and Health and Safety

#### 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 extension. In March 2024, the Audit & Risk Committee agreed to a final one-year extension to the contract, which will end on 31 March 2025 and cannot be extended again.
- 4.4. The Internal Auditors presented the Internal Audit Annual Plan for 2023/24 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 2024, Internal Audit have reported to the Audit & Risk Committee on their independent reviews on Carbon Management, Workforce Succession Planning, Volunteering Arrangements and Estates Assets Management. All areas audited resulted in a satisfactory level of assurance being found.
- 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 second 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 incident of suspected defrauding occurred, the monetary value of which did not reach the material threshold, but a summary was given to External Audit and an update was provided to the Chair and Members of the Audit and Risk Committee. There is an ongoing police investigation related to the incident.

## **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 2023/24 in June 2024 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. 2023/24 saw the Board return to its full complement of seventeen Members following a period of Membership change. In order to manage and support continuity during this period, a number of operational activity plans were developed and implemented:
- Board Induction Planning
  - Board Equality and Diversity Plan
  - Board Training and Development Plan (including Strategy in Action)
  - Board Skills Analysis and Succession Planning
- 8.2. A Board Shadowing Pilot Project with an emphasis on increasing diversity and engagement concluded in December 2023, and the organisation signed up for the UK Government's Boardroom Apprentice programme which began in January 2024 and has seen an additional non-voting Member join the Board to help develop skills and opportunities on both sides.

## 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. 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 2023/24, Audit & Risk Committee asked for focus on the corporate risks related to Climate Change.
- 9.5. 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 Management 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 2023/24 we have continued to implement improvements to increase our data and systems security such as;
  - Full version update of our VPN providing firewalls, with greater traffic monitoring in place through Access Control Lists limiting managing traffic to the right areas.
  - Additional security on our external VPN connection – all externally connected traffic now flowing through our external firewalls.
  - Enabled MFA on VPN
  - Continual monitoring of traffic and connection utilising further connections between the VPN firewalls and internal server structure.
  - Continuing to push for services to be linked with existing infrastructure, for example making sure that new software, SAAS, or PAAS are all SSO capable with Microsoft Azure.

- 10.2. The Park Authority continues to work with auditors and independent accreditation bodies in order to ensure the continued improvement of our data security.
- 10.3. We have recruited a new Infrastructure Engineer with a background in Infrastructure and Security who has been instrumental in helping monitor our security position and will become a key security lead from 2024 onwards.
- 10.4. The Authority's Cyber Essentials Plus accreditation is in the process of being renewed for 2024. 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 Authority continues to provide on-going regular Cyber Security Training to all users.

## 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:
  - 11.1.1. 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.
  - 11.1.2. 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.
  - 11.1.3. 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. I can confirm that these systems of controls were in place for the year under review and will remain in place up to the date of approval of the annual report and accounts.
- 11.3. The Internal Auditors review for 2023/24 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.]*

- 11.4. The Internal Auditors, as part of their reviews, have identified improvements to the internal control environment, which have been accepted by management. Internal Audit will monitor the implementation of these improvements through future follow up audits.
- 11.5. The Internal Auditor's annual report for 2023/24 states that based on the audit work undertaken and the assurances provided by the Executive Management Team, but excluding the issues noted above, *[it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2023/24 within Loch Lomond and the Trossachs National Park Authority.]*