Draft Audit and Risk Committee Annual Report to Board

Agenda Item 9

National Park Authority Audit and Risk Committee

Tuesday 1 September 2026

Paper for decision

Contents

1. Purpose

1.1. In accordance with the Scottish Government Audit and Assurance Committee Handbook ("the Handbook") the Audit & Risk Committee is required to provide the Board and Accountable Officer with a written annual report, timed to support the finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year. The report should cover the Committee's activities and the reports presented to the Committee by the Authority's internal and external auditors.

1.2. The draft report below is provided to support the completion of the 2025/26 annual accounts in September 2026.

2. Recommendation

2.1. Members are asked to **approve** the draft Annual Report to the Board, subject to any items raised at the September Committee.

3. Contribution to National Park Partnership Plan and/or Our Corporate Plan

3.1. The role of the Audit & Risk Committee supports the management of risk to delivery of the National Park Partnership Plan 2024-29 and Our Corporate Plan 2025-2030.

3.2. It also ensures that good governance is in place to allow for the continuous improvement in our systems and processes, evidencing best value.

4. Background

4.1. In accordance with the Scottish Government Audit and Assurance Handbook this report is presented to the Board and Accountable Officer by the Chair, Ronnie Erskine, and Depute Chair, David Mackie, on behalf of the Audit & Risk Committee. The report summarises the conclusions from the work of the Audit & Risk Committee from September 2025 to September 2026, which supports the finalisation of the annual accounts.

4.2. The period of this Annual Report covers consideration of final accounts for 2025/26, together with associated reports from Forvis Mazars LLP, the Authority's External Auditors for the period.

4.3. The Committee has continued to have oversight of the work of our internal auditors for 2025/26 (Azets) and have considered reports issued by them throughout the year.

4.4. The Committee met four times over the period covered by this report, including the meeting in September 2026. All were physically accessible to the public and livestreamed on the National Park Authority website.

5. Reporting

5.1. In addition to management reports from the Authority's Internal and External Auditors, the Committee considered the following items during the year:

5.1.1. **Corporate Risk management** – The Audit & Risk Committee in 2025/26 approved the updated Risk and Issue Management Framework, following on from the approval by Board in March 2026 of a revised Risk Appetite Statement for the organisation. The Audit & Risk Committee continues to provide scrutiny and oversight by monitoring and reviewing risk and providing robust assurance in these areas to the Board. The Audit & Risk Committee reviewed the Corporate Risk Register and progress in managing risk and covered specific "deep dives" into individual risks. The Project Risk Register was also reviewed by the Audit & Risk Committee.

5.1.2. **Governance Statement** – the Audit & Risk Committee reviewed and approved the draft Governance Statement for 2025/26 prior to its inclusion in the annual accounts (and prior to signature by the Accountable Officer).

5.1.3. **Corporate Document review** –the Committee considered and approved a revised approach of reviewing corporate documents which saw the re-categorisation of policies, procedures, guidance and plans with a more consistent labelling process and oversight structure. Audit and Risk Committee continues to have oversight of key organisational policies and the plan for the review of those policies in 2026/27 was considered and approved.

5.1.4. **Fraud Risk Register** - the Committee considered and approved an updated version of the organisation's Fraud Risk Register.

5.1.5. **Best Value** – the Committee approved the Best Value Annual Report, which demonstrates compliance with the Best Value Guidance for Accountable Officers and the Best Value Policy.

5.1.6. **Statements of Assurance** - the Committee reviewed the annual Statements of Assurance that are prepared by individual members of the Executive team as part of the annual assurance process.

5.1.7. **Financial Transactions with Related Parties** - [the Committee considered the review of the Board and senior staff financial transactions with Related Parties].

5.2. Internal Audit

5.2.1. The period covered by this report represents the first year of delivery of internal audit services by Azerts following the awarding to them of the Internal Audit Services Contract by the committee from 1st April 2025.

5.2.2. **Internal Audit reports** - The Committee reviewed the Internal Auditor's reports and recommendations for the audits carried out during 2025/26 on Financial Sustainability, Management Information/Information Security, Stakeholder Management, Planning Authority and Freedom of Information. The Committee reviewed management responses to all internal audit recommendations.

5.2.3. **Monitoring of outstanding recommendations** – Azets are responsible for the reporting and monitoring of audit recommendations in 2025/26. The Committee reviewed the Internal Auditors' reports on outstanding actions.

5.2.4. **Consideration of forward internal audit activity plans** - The Committee considered the 2026/27 Internal Audit Plan. The plan contains the areas for internal audit review during the next financial year, alongside a multi-year forward look which sets out the areas for internal audit throughout the three-year contract with Azets.

5.2.5. **Internal Audit Findings** - over the course of the year, Azets presented five management reports to the Committee – all of which found the controls evaluated to be adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives met – identifying that minor improvements are required. A summary of the findings from the five assurance reviews is detailed in Table One (below). The findings and consequent recommendations for action are graded according to the internal auditors' assessment of the significance of the underlying weakness to the effective management of the organisation.

Table One: Summary of Internal Audit Findings

Internal Audit	**Number of recommendations**			
	Green (1)	**Yellow (2)**	**Amber (3)**	**Red (4)**
Financial Sustainability	2	1	-	-
Stakeholder Management	-	6	2	-
Management Information / Information Security	-	3	-	-
Planning Authority	-	7	2	-
Freedom of Information	2	3	-	-
Total	**4**	**20**	**4**	**0**

Key – Azets definition of grading of recommendations:

Green (1): "Limited risk exposure – controls are working effectively but could be strengthened to prevent the creation of minor risks or address general house-keeping issues".
Yellow (2): "Moderate risk exposure – controls are not working effectively and efficiently and may create moderate risks within the organisation".
Amber (3): "High risk exposure – absence/failure of key controls that create significant risks within the organisation."
Red (4): "Very high risk exposure – major concerns requiring immediate senior attention that create fundamental risks within the organisation".

5.2.6. The Committee is pleased that recommendations have been identified to assist in on-going improvement of our processes and controls.

5.2.7. The Committee welcomes the value added by the audits provided by Azets, which have highlighted recommendations for improvement in systems and controls. The Committee recognises the efforts of the audit team and officers in completing the audits. The internal audit recommendations assist the Authority with the Best Value and continuous improvement agenda.

5.2.8. The Committee considered the **Internal Auditors' Annual Report** for 2025/26. The internal auditor's annual report for the year concluded:

"In our opinion, Loch Lomond and The Trossachs National Park Authority has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives."

<u>External Audit</u>

This was the fourth year of appointment for the external auditors Forvis Mazars LLP.

5.2.9. [The Audit and Risk Committee considered the **Final External Audit Report** in relation to the 2025/26 annual accounts.]

5.2.10. The Committee reviewed the External Audit Plan for 2025/26.

5.3. The draft Annual Accounts for 2025/26 were reviewed and recommended for approval at the September 14th 2026 Board Meeting, with signature thereafter. [The draft accounts include an unqualified external auditor's report and opinion from Forvis Mazars LLP.]

5.3.1. The Annual Report and Accounts will be submitted to Scottish Government for laying in Parliament in Autumn 2026.

5.3.2. [The Audit & Risk Committee reviewed Mazars LLP's draft Annual Report on the 2025/26 audit.]

5.3.3. [The draft Letter of Representation from the Accountable Officer to the External Auditors was considered by the Audit & Risk Committee.]

6. Report Conclusion

6.1. The Audit & Risk Committee considers that it has been successful in progressing the Board's governance and internal control priorities during the period covered by this annual report.

6.2. The Committee welcomes the success in finalising the annual accounts and completing the external audit process this year. The Committee recognised that the process has been effective. The Committee would like to take this opportunity to register its thanks to both the Authority Finance team and the Forvis Mazars LLP team.

6.3. There has been positive engagement through the period with issues identified by the Authority's internal and external auditors, and by the Authority's officers.

6.4. The Committee has received full reports on issues raised; considered recommendations made; and approved responses and actions.

6.5. The Committee considers that it has successfully discharged its important delegated role in relation to Risk Management, in particular through the ongoing scrutiny of Corporate, strategic risks including in-depth deep-dives in significant areas of activity. This year deep dives have been held on staff adaptability/resilience and resource allocation.

6.6. The internal auditors' findings that reasonable assurance can be placed on the adequacy and effectiveness of the governance and control environment and the external auditors' unqualified audit report, provide assurance to the Committee and Board that the Authority's internal control and governance objectives are being met effectively by management.

6.7. It is reassuring to see that the audits continue to identify a number and range of improvements to be made. While it is accepted that there will always be improvements that can be made to services and controls, and as such several recommendations for improvement from internal audit will be expected, the Committee welcomed the evidence of generally effective control systems evidenced by the reports.

6.8. The Committee will continue to address key issues of internal control and the development of appropriate processes within the Authority.

6.9. The Audit & Risk Committee's remit of considering accuracy of accounting treatments and strength of internal control systems; implementation of effective risk management systems; and, more widely, effective, efficient and economic use of the Authority's resources in delivering our objectives has been achieved by thorough review of the reporting from internal and external audit, regular monitoring of actions arising from internal and external audit reports, review of the Corporate and Project Risk Registers, key policies, and a review of the Authority's progress against the Best Value policy.

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