

Loch Lomond & The Trossachs National Park Authority

Annual report on the 2011/12 audit



Prepared for the Loch Lomond & The Trossachs National Park Authority and the Auditor General
October 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key messages

2011/12

We have given an unqualified opinion on the financial statements of Loch Lomond & The Trossachs National Park Authority ("the LL&TTNPA" or "the Park Authority") for 2011/12. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by the Scottish Ministers.

The 2011/12 financial statements show a deficit of £0.398m. This is the difference between the net operating cost for the year as shown on the Statement of Comprehensive Net Expenditure (£7.571m) and the funding received from the Scottish Government (£7.173m). The LL&TTNPA's Statement of Financial Position shows net assets of £5.877m, a reduction of £0.920m in comparison to 2010/11. This is mainly due to an increase in pension fund liability.

From our review of the key controls within the main financial systems, we concluded that the LL&TTNPA's systems of internal control are operating effectively. Our governance and accountability work concluded that sound arrangements are in place.

The LL&TTNPA operates within a well-established hierarchy of strategic plans. The new National Park Partnership Plan 2012 - 2017 was launched in June 2012 and the Park Authority is currently finalising its new Corporate Plan which will project the Park Authority's goals for the five-year period in line with the National Park Partnership Plan. The Park Authority is also in the process of developing a new framework for managing performance against its key corporate objectives, which will be put in place once the new Corporate Plan is finalised.

Outlook

2011/12 saw a general weakening in the recovery from the 2008 global financial crisis, with growth in the Scottish economy remaining very muted and Scotland's public sector under continued financial pressure. There will be limited increases in funding, increasing cost pressures and demanding savings targets. These pressures will present a significant challenge to the LL&TTNPA in striving towards successful delivery of the outcomes identified in the new National Park Partnership Plan.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of the Loch Lomond & The Trossachs National Park Authority ("the LL&TTNPA " or "the Park Authority"). The purpose of the annual audit report is to set out concisely the scope, nature and extent of the audit, and to summarise the auditor's opinions (i.e. on the financial statements) and conclusions and any significant issues arising. The report is divided into sections which reflect the extent of our public sector audit model.
2. A number of reports have been issued in the course of the year in which we make recommendations for improvements (Appendix A). We do not repeat all of the findings in this report, but instead focus on the financial statements and any significant findings from our wider review of the LL&TTNPA.
3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Management have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the Park Authority understands its risks and has arrangements in place to manage these risks. The Accountable Officer and other members of the Board should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to the LL&TTNPA and the Auditor General and should form a key part of discussions with the audit committee, as soon as possible after the formal completion of the audit of the financial statements. This report should be available to the Scottish Parliament, other stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. This report will be published on our website after consideration by the Park Authority and after the financial statements have been laid before parliament.
6. The management of the audited body is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
8. We are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements
 - the regularity of the expenditure and income.
9. Auditors review and report on, as appropriate, other information published with the financial statements, including the management commentary, annual governance statement and remuneration report. This section summarises the results of our audit on the financial statements.

Audit opinions

10. We have given an unqualified opinion that the 2011/12 financial statements give a true and fair view of the state of the LL&TTNPA's affairs and its net operating cost for the year.
11. The Park Authority is required to follow the 2011/12 Government Financial Reporting Manual (the FReM) and we confirmed that the financial statements had been properly prepared in accordance with the FReM.
12. In our opinion, the audited part of the remuneration report had been properly prepared and the remaining elements of the remuneration report and management commentary were consistent with the financial statements. We also reviewed the Governance Statement and concluded that it complied with Scottish Government guidance.
13. In addition, we confirmed that the expenditure and receipts in the financial statements were incurred or applied in accordance with applicable legislation and Ministerial guidance.

Accounting issues

Accounts submission

14. The unaudited financial statements and supporting documentation were submitted for audit on 17 May 2012 and the audit fieldwork was completed on 24 May 2012. The statements originally submitted were complete and supported by a comprehensive set of working papers. Matters arising from the audit were discussed and agreed on a regular basis with senior officers. A summary matters arising schedule was issued to senior management on 11 June 2012.

15. The working papers, provided with the financial statements, were of a high standard and the staff provided good support to the audit team enabling all outstanding points to be cleared. However, officers have agreed to provide an additional reconciliation schedule between the ledger and the financial statements for the 2012/13 financial statements audit. This will help the audit team confirm that all ledger entries had been appropriately included in the financial statements.

Presentational and monetary anomalies found in the unaudited accounts

16. The most significant changes, required to the financial statements as a result of the audit process and under the accounting guidelines, were outlined in our International Standard on Auditing (ISA) 260 report, which was presented to the Audit Committee in June 2012:
- a contingent asset of £1.300m was disclosed for the bonds, agreed between the Park Authority and Scotgold company for opening and operation of Cononich Glen gold and silver mine
 - a reduction in the solar boat value of £0.087m was recognised in the financial statements as an impairment
 - a contingent liability of £0.250m was disclosed to account for the claim, received by the Park Authority for an incident in 2006 on a footpath, which caused injury to a member of the public. The Park Authority does not accept liability for the accident and therefore continues to contest it.
17. Additional remuneration report disclosures for directors' remuneration were also required and a number of presentational changes were made as a result of our review of the disclosures required by the FReM.

Whole of government accounts/consolidation packs

18. The whole of government accounts (WGA) is the consolidated financial statements for all branches of government in the UK. The Park Authority is not required to submit a consolidation pack, as the value of its gross income /expenditure and assets/liabilities are below the threshold for completion.

Outlook

19. No significant changes are currently expected to the reporting framework applicable to the LL&TTNPA (i.e. the FReM) for next year (2012/13). From 1 January 2013 the introduction of the following international financial reporting standards (IFRSs) will become effective:
- IFRS 9 - financial instruments (replacing IAS39)
 - IFRS 10 - consolidated financial statements (replacing IAS27)
 - IFRS11 - joint arrangements (replacing IAS31)
 - IFRS12 - disclosure of interest in other entities (replacing IFRS12)
 - IFRS 13 - fair value.

20. The Head of Finance and Management Information, who was responsible for the preparation of the financial statements, left at the end of June 2012 and the post was replaced with the Finance and Performance Manager position. The recruitment process was completed and appropriate handover arrangements were in place. Management should now ensure that appropriate arrangements are made for the preparation of the 2012/13 financial statements to ensure they are complete and delivered by the required deadline.

Sustainability Reporting

21. From 2011/12, all relevant bodies were encouraged to produce a sustainability report in accordance with the Scottish Government's Public Sector Sustainability Reporting Guidance (January 2012). This guidance is non-mandatory, however it represents good practice and central government bodies were encouraged to adhere to it. The sustainability report should contain:
- a simple overview commentary covering a body's performance in the reported year along with an overview of forward plans
 - a table of financial and non-financial information covering the body's emissions, waste, water and any other finite-resource consumption for the financial year to which it relates.
22. Public bodies in Scotland are bound by the Climate Change Public Bodies Duties set out in Part 4 of the Climate Change (Scotland) Act 2009. Whilst the Act does not require reporting on the duties, the Public Bodies Duties Guidance encourages a voluntary approach to reporting. For 2011/12 the LL&TTNPA had not produced a separate sustainability report. A paragraph on sustainability reporting has been included in the management commentary of the Annual Report and Accounts and is therefore covered by the consistency element of our audit opinion. We have concluded that this method of sustainability reporting is satisfactory.

Financial position

23. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
24. We consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
25. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

26. The LL&TTNPA's gross expenditure for 2011/12 was £8.392m. The most significant elements of expenditure were board member and staff costs of £4.448m (53%) and business plan expenditure of £1.838m (22%), of which £1.139m or 62% was spent on the visitor experience segment. After £7.173m of total grant-in-aid received, other income of £0.820m and interest received of £0.001m, the 2011/12 financial statements show a deficit of £0.398m.
27. However, after excluding grant-in-aid transferred for capital expenditure of £0.050m, depreciation of £0.460m, impairment of £0.067m, return on pension assets of £0.118m and other pensions income of £0.008m, the financial result for 2011/12 is a net expenditure position of £0.047m.
28. For 2011/12, the Scottish Government required public bodies to make efficiency savings of at least 3% in their running costs. By implementing an efficiency delivery plan and tight control of expenditure the Park Authority was able achieve total efficiencies of 3.3% (£0.238m), marginally exceeding the Scottish Government efficiency savings target.
29. The Statement of financial position shows net assets of £5.877m as at 31 March 2012, a reduction of £0.920m in comparison to 2010/11. This is mainly due to a decrease in the value of property, plant and equipment of £0.485m, an increase in pension fund liability of £0.375m and a decrease in cash of £0.295m.
30. The arrangements for budget setting and monitoring in place are sound, with management closely monitoring income and expenditure against budget and reporting financial results to the Board. Monthly financial information as well as quarterly budget monitoring reports are presented to the management team meetings whilst the Board receives summarised financial information, tailored to members' needs. However, the Internal Audit report to the Audit Committee in June 2012 highlights that the use of scenario analysis in the financial planning

process has been limited and that the Park Authority should ensure that scenario analysis is incorporated into future annual forecasting arrangements.

Financial planning to support priority setting and cost reductions

2012/13 Budget

31. The LL&TTNPA's 2012/13 revenue budget was approved by the Board at its meeting in March 2012 and was therefore finalised before the start of the new financial year, in line with best practice.
32. Grant-in-Aid funding for 2012/13 allocated to the LL&TTNPA by the Scottish Government is £6.633m, a 2.9% reduction on 2011/12 (£6.835m, excluding additional capital grant of £0.338m, received from the Scottish Government in 2011/12). The total income is forecast at £8.150m, comprising the grant-in-aid allocation, additional capital grant of £0.967m and income from other sources, such as planning fees, of £0.550m. However, the total expenditure is forecast at £8.311m, split into £2.137m (26%) to finance the core expenditure and £6.174m (74%) to finance the operational plan and this represents a planned deficit of £0.161m.
33. Whilst best practice suggests setting a balanced budget, the Park Authority uses managed over-programming as an effective management tool in achieving a break even position by the end of the year. This way the Park Authority accommodates any project slippages and ensures that it has a bank of projects ready should additional funding become available, for example as a result of the Scottish Government's budget revisions. The initially overcommitted budgets are then further refined by senior management throughout the financial year and are closely monitored to ensure a balanced year-end position is achieved.

Workforce management

34. At the end of 2011/12 staff headcount was 138 full time equivalents (FTE), a 3.8% increase on 133 FTE at the end of 2010/11, entirely due to increased numbers of fixed term, seasonal and agency staff during 2011/12. The Park Authority is also planning to extend the period of no compulsory redundancies for two years until March 2014. However, at the time of writing this report, this is still subject to ongoing consultation.
35. The LL&TTNPA recognises the importance of good workforce management. The Internal Audit report on workforce management highlighted a number of best practice areas, such as the use of internal surveys to seek the views of staff on various aspects of their employment. Survey results have been reported to the Board and actions implemented to improve staff satisfaction.
36. During 2011/12, the LL&TTNPA completed a review of staff terms and conditions. This included a consultation with Unison and at the time of writing this report, the negotiations are ongoing. It is important that, once the negotiations are concluded, the transition to the new terms and conditions is carefully managed.

37. The average number of days lost through sickness in 2011/12 was 3.7 days, an increase on 2.4 days in 2010/11. Management should continue to monitor the absence levels.

Partnership working

38. The LL&TTNPA continues to play an enabling role in supporting and facilitating partnership working with a variety of partner organisations, including Forestry Commission Scotland, Scottish Natural Heritage and various private sector partners. It also participates in the Community Planning Partnerships with local authorities within the area of the park boundary. To illustrate the importance of partnerships in formulating and delivering the aims of the National Park, the new National Park Plan 2012-17 has been re-named the "National Park Partnership Plan". It was approved by the Board in April 2012 and subsequently by the Scottish Ministers in June 2012.
39. The LL&TTNPA also continues to explore opportunities for shared working with the Cairngorms National Park Authority. Shared posts are in place for the Corporate Services Director, Information Technology Manager, Health & Safety Adviser and Procurement Manager. The authorities are also in the process of harmonising human resources services. In addition, a joint procurement strategy has been adopted within both Park Authorities which has led into sharing a number of specialist advice and service contracts, such as legal advice and internal audit services. The sharing of services will continue to be a priority objective for the LL&TTNPA as a means of both securing savings and the sharing of information and expertise.
40. In addition, the Park Authority has also been engaging with the Lake District National Park as the two National Parks share many similarities, such as visitor management initiatives and conservation work.

Outlook

Financial forecasts beyond 2012/13

41. The Scottish Government's 2012/13 budget and future expenditure plans to 2014/15 indicate a cumulative reduction of £0.465m (6.8%) in the Park Authority's operating grant funding by the end of 2014/15. However, a substantial increase in capital funding was announced by the Scottish Government (£0.967m in 2012/13, 1.067m in 2013/14 and rising to £1.167m in 2014/15). In addition, a further £1.115m has already been awarded to the Park Authority for 2012/13 "shovel ready" capital projects. This will enable the LL&TTNPA to take forward vital infrastructure projects which will contribute to the delivery of the National Park Partnership Plan.
42. The LL&TTNPA's initial financial forecasts for this spending review period (April 2012 - March 2015) indicate an overall deficit for each of the three years. As already outlined in paragraph 33, the Park Authority's established practice is to over-programme projects to ensure that it can respond to any additional funding from the Scottish Government and accommodate any project slippages.

Efficiency savings plans

43. The LL&TTNPA has so far been successful in implementing efficiency savings and is currently preparing an efficiency plan for 2012/13 to comply with the Scottish Government's 3% recurring efficiency savings target. Management indicated that this will include staff vacancy management, IT and property costs reduction.
44. Management have highlighted that there are concerns over their ability to introduce further cost reductions and as a result no further long-term efficiency plans have been identified as yet. We have been advised that the work on the efficiency plans for 2013/14 and 2014/15 is ongoing. For example, as noted in paragraph 39, management are exploring options for further shared working with the Cairngorms National Park Authority to identify additional savings and this will continue to be the focus for delivery of future financial efficiencies.

Action Point 1

Governance and accountability

45. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
46. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
47. Consistent with the wider scope of public audit, we have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption.
48. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

49. The LL&TTNPA Board has 17 members, with five locally elected and 12 appointed by the Scottish Ministers, of which six are nominated by the four local authorities within National Park boundaries. The number of Board members was reduced from 25 to 17 during 2010/11 and since then there have been no further significant changes to the Board membership. However, a number of members, nominated by the local authorities, will soon leave the Board and the Park Authority is currently awaiting formal confirmation from the Scottish Government of the new appointees who will join the Board in October 2012.
50. Three committees, namely the Delivery Group, Planning and Access and Audit Committees, are in operation and meet regularly throughout the year. The agendas and minutes of all committees are available on the Park Authority's website. The Audit Committee has a direct responsibility of overseeing the arrangements for corporate governance and provides the Accountable Officer with assurances on risk management, governance and internal control. The Committee also considers all internal and external audit reports and ensures any issues raised are addressed.

Corporate Credit Cards and Government Procurement Cards

51. We undertook a targeted piece of work on use of corporate credit cards and government procurements cards. We made enquiries regarding the use of such payment methods, the number of cards in use and expenditure limits. We also reviewed the controls in place regarding the use of this payment method. The Park Authority spent £0.015m using corporate credit cards in 2011/12. The cards were used mainly for travel and accommodation costs. We concluded that the overall control environment is satisfactory.

Internal control

52. While we concentrate on significant systems and key controls in support of the opinion on the financial statements, our wider responsibilities also require us to consider the financial systems and controls of audited bodies as a whole. The extent of this work is informed by our assessment of risk and the activities of internal audit.
53. As part of our 2011/12 audit, we have carried out a review of the main financial systems, focusing on the key controls in place within each system along with arrangements for governance and accountability. Our review covered payroll, the financial ledger, trade payables, trade receivables, capital accounting and cash. We reported in our Key controls report in April 2012 that whilst overall the systems of internal control are operating effectively, our testing has identified minor control weaknesses with authorisation of journals and use of purchase orders.
54. Every year we carry out an assessment of the adequacy of the internal audit function to identify those areas of internal audit work on which we can place reliance. The internal audit service is provided by KPMG and we concluded that they had appropriate standards and reporting procedures. This evaluation allowed us to place reliance on the work of internal audit for the wider scope of our audit work in the following areas:

- | | |
|---|------------------------|
| • Financial Management & Planning Efficiencies | • Workforce Management |
| • Commercial Income Generation | • Financial Controls |
| • Community Engagement/Stakeholder Satisfaction | • Risk Management |

We have concluded that overall sound governance arrangements are in place at the Park Authority.

Prevention and detection of fraud and irregularities

55. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. We review and report on these arrangements.

56. There were no instances of fraud or corruption reported in 2011/12. The Park Authority has appropriate processes in place to prevent and detect fraud and irregularities, including policies, procedures and codes of conduct for staff and members.

Best Value, use of resources and performance

57. Audited bodies have responsibility to ensure that arrangements have been made to secure best value. The Auditor General may require that we consider whether accountable officers have put in place appropriate arrangements to satisfy their corresponding duty of best value. Where such requirements are not specified we may, in conjunction with audited bodies, agree to undertake local work in this area.
58. As part of their statutory responsibilities, the Auditor General may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. We may be requested from time to time to participate in:
- a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
59. During the course of our audit appointment we also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years. We may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
60. This section includes a commentary on the best value and performance management arrangements within the Park Authority. We also summarise headline performance measures, highlight any relevant national reports and comment on the body's response to these.

Management arrangements

Best Value

61. In March 2011, the Scottish Government issued new guidance for accountable officers on Best Value in Public Services. The new guidance, in essence, required public bodies to take a systematic approach to self-evaluation and continuous improvement. The Park Authority Management Statement / Financial Memorandum places a duty on the Accountable Officer to secure best value and the Financial Management Framework and Regulations state that "the Board has corporate responsibility for promoting the efficient and effective use of staff and other resources of the Authority in accordance with the principles of Best Value". However, whilst the Park Authority shows a good awareness of best value, it has not formally considered the guidance or performed a self-assessment. There is also no formal written policy on best value.

Action point 2

Performance management and overview of performance 2011/12

62. The LL&TTNPA operates within a well-established hierarchy of strategic plans. The National Parks (Scotland) Act 2000 establishes the statutory framework within which the Park Authority operates. This is supported by the National Park Partnership Plan and the Corporate Plan which outlines the way in which the LL&TTNPA will deliver the National Park Partnership Plan and the Scottish Government's planned outcomes. An annual Business Plan is also produced which sets out in practical terms the tasks for taking forward each priority action in the Corporate Plan. A Delivery Group of six Board members meets with officers regularly throughout the year to review performance against agreed plans and business objectives. Summary reports from the Group are presented to every meeting of the Board.
63. The current LL&TTNPA National Park Partnership Plan covers the period 2012 to 2017. It was approved by the Scottish Ministers and formally launched in June 2012. The Plan provides the strategic direction for all organisations and groups with a stake in the future of the Loch Lomond & The Trossachs National Park. A greater emphasis has been placed on achieving the Plan outcomes in collaboration with partner organisations. Specifically, the delivery will be coordinated through the individual partnership agreements which are currently in negotiation with key partners.
64. An annual progress report on the new National Park Partnership Plan 2012-17 will be submitted to the Board and a copy will be prepared for Scottish Ministers with input from all partners. A National Park Partnership meeting, chaired by the Minister for the Environment, will also take place every year.
65. The National Park Partnership Plan sets out three strategic outcomes, clearly linked to the Scottish Government outcomes and future policy directions:
- Conservation - an internationally-renowned landscape where the natural beauty, ecology and the cultural heritage are positively managed and enhanced for future generations
 - Visitor experience - a high quality, authentic experience for visitors, with many opportunities to appreciate and enjoy the natural and cultural heritage, within an internationally renowned landscape that compares to the best on offer around the world
 - Rural development - in the National Park businesses and communities thrive and people live and work sustainably in a high quality environment.
66. The LL&TTNPA is currently in the process of finalising a new Corporate Plan, which will outline how the Park Authority is going to deliver the parts of the National Park Partnership Plan where it has a significant role. In particular, against each of the National Park Partnership Plan actions a priority for the LL&TTNPA will be assigned, which will indicate the anticipated role and level of commitment for the Park Authority in achieving each action.

Action point 3

67. The new Corporate Plan will project the Park Authority's goals for the five-year period in line with the National Park Partnership Plan but within the context of confirmed financial plans based on the Scottish Government's spending review period 2012 to 2015. Senior management have sought strategic direction from the Board on the key priorities to be taken

forward and a draft Corporate Plan, which includes a full set of measures and key performance indicators against the Corporate Plan objectives, was presented to the Board in September 2012. Quarterly reports of progress will be presented to the Delivery Group who will monitor achievement against agreed priorities on behalf of the Board.

68. We reported last year that the performance monitoring reports were focused on the more operational aspects of the business plan rather than the wider strategic objectives of the Corporate Plan. We note that the Park Authority is currently developing a new performance management monitoring framework which will form the basis for reporting against performance at both, strategic and operational levels. This is evidenced by an interim report against the Corporate Plan objectives, presented to the Delivery Group in August 2012, while the 2012-2017 Corporate Plan is being finalised.
69. In terms of financial monitoring, the Park Authority produces management accounts on a monthly basis, allowing for relevant and timely review of performance to date at both organisation and project level. As outlined in paragraph 30, monthly financial information as well as quarterly budget monitoring reports are presented to the management team meetings. The Board receives summarised financial information, tailored to members' needs. In addition, as a result of the significant additional capital funding allocated to the Park Authority, a Capital Working Group has recently been set up to monitor the capital projects in 2012/13.

Community engagement

70. The LL&TTNPA recognises the importance of community engagement by allowing appropriate consultation and input from key stakeholders in decision making processes. For example, the new National Park Partnership Plan was prepared through extensive consultation and engagement with partner organisations, communities, the public and interested groups.
71. The Internal Audit report on community engagement and stakeholder satisfaction, presented to the Audit Committee in June 2012, emphasised that the Park Authority recognises the vital role that communities play in delivering the aims of the National Park and also identified a number of areas of best practice, such as:
- The LL&TTNPA's leadership demonstrates clear commitment to stakeholder and community engagement
 - Internal community engagement team works with local communities to ensure their opinions and interests are being tracked
 - The LL&TTNPA has developed a communication and engagement programme to ensure identification of stakeholders and their requirements.
72. There are further examples of the Park Authority's commitment to stakeholder satisfaction:
- The establishment of the Loch Lomond Stakeholder Group which comprises various recreational and commercial users and environmental groups - the Group has recently helped review the Loch Lomond Byelaws
 - A recent refresh of the National Park website to make it more user friendly

- Establishment of the National Park Destination Group as a formal group with twelve businesses signed up as directors - the group has already been providing input into destination initiatives.

National performance reports

73. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in the Exhibit below.

Exhibit: A selection of National performance reports 2011/12

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| <ul style="list-style-type: none"> • Scotland's Public Finances - addressing the challenges (Aug 2011) • Modernising the planning system (Sept 2011) | <ul style="list-style-type: none"> • The role of community planning partnerships in economic development (Nov 2011) |
|--|--|

Source: www.audit-scotland.gov.uk

Scotland's Public Finances - addressing the challenges

74. The report highlighted that all parts of the public sector had less to spend in 2011/12 than in 2010/11 even though the level of budget reduction varied significantly, with central government funding experiencing the biggest reduction of 12 per cent. Although most bodies were able to agree a balanced budget for 2011/12 the report outlined the risk that savings may not be realised and that unforeseen pressures may emerge which will reduce the ability to generate future savings. The report also emphasised the importance of long-term financial sustainability when looking to reduce costs, including consideration of key areas such as reducing workforce levels and identifying opportunities to share services.
75. The Park Authority's Audit Committee considered the report in March 2012 and concluded that its recommendations focussed on much that is being undertaken at the Park Authority. As noted in paragraphs 42, 43 and 44, the LL&TTNPA has prepared initial financial forecasts for this spending review period, showing indicative resource allocation and associated spending plans. The 3% efficiency target for 2011/12 was exceeded and efficiencies for 2012/13 have also been identified. Whilst no further long-term efficiency plans have been identified as yet, we have been advised that the work on the efficiency plans for 2013/14 and 2014/15 is ongoing. The Park Authority is exploring options for further shared working with the Cairngorms National Park Authority, which should generate future efficiencies through the realignment or sharing of back office and corporate functions.

Modernising the planning system

76. The report outlined that the Scottish Government and planning authorities have made some progress in modernising the planning system but emphasised that more progress is needed to realise the full potential of modernisation. The report also made a number of

recommendations, for example planning authorities should ensure that their decision-making process is as efficient as possible and they should work with the Scottish Government to develop a new comprehensive performance measurement framework. It also recommended the use of a project planning approach for managing major applications and collecting, monitoring and reporting data on the cost of development planning and management to help inform the setting of planning fees and to help make decisions on how resources can be used effectively.

77. The report has been formally considered by management and will be presented to the Planning Committee in October 2012, where the report's recommendations will be discussed. As recommended in the report, the Park Authority continues to focus on achieving greater efficiencies and is also developing a Planning Performance Framework (PPF). Going forward, key performance indicators, which will be developed as part of the new PPF, will also feed into the wider corporate performance framework.

The role of community planning partnerships in economic development

78. The report detailed the important role that community planning partnerships have in planning and coordinating improvements to local economies and highlighted the need for a more joined-up approach to achieve sustainable economic growth nationally. The reduction in ring-fenced funding and the current economic climate increase the need for community planning partnerships to deliver agreed outcomes and understand the pressures in individual partners budgets. The report highlighted that existing accountability arrangements should be used to hold all partners to account for their contribution in delivering the priorities in the single outcome agreement.
79. The LL&TTNPA clearly recognises the fundamental part played by partnerships in formulating and delivering its new National Park Partnership Plan. The Park Authority also participates in the Community Planning Partnerships of each of the five local authorities which fall within the boundaries of the park.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Audit Committee
Annual Audit Plan	16 March 2012	29 March 2012
Key Controls Report	17 April 2012	25 April 2012
Report on financial statements to those charged with governance (ISA 260 report)	1 June 2012	26 June 2012
Audit opinion on the 2011/12 financial statements	1 June 2012	26 June 2012
Summary matters arising	11 June 2012	Not presented - for use by management

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	44	<p>Efficiency savings schemes</p> <p>Management have highlighted that there are concerns over their ability to introduce further cost reductions and as a result no further long-term efficiency plans have been identified as yet.</p> <p>There is a risk that, going forward, the LL&TTNPA may not be able to deliver the aims of the National Park Partnership Plan. However, we have been advised that the work on the efficiency plans for 2013/14 and 2014/15 is ongoing and that management are exploring options for further shared working with the Cairngorms National Park Authority.</p>	<p>An Efficiency Plan is being prepared for 2012-2015. We are also exploring options for further shared working with the CNPA to identify additional savings and this will continue to be the focus for delivery of future financial efficiencies.</p>	<p>Director of Corporate Services and Finance & Performance Manager</p>	<p>December 2012</p>
2	61	<p>Best Value</p> <p>In March 2011 the Scottish Government issued new guidance for accountable officers on Best Value in public services. Although the Park Authority shows a good awareness of best value, it has not formally considered the guidance or performed a self-assessment. There is also no formal written policy on best value.</p> <p>A formal written policy on the</p>	<p>The Park Authority's best value approach will be reviewed and the results of the review presented to the Audit Committee before the end of the 2012/13 financial year.</p>	<p>Director of Corporate Services and Finance & Performance Manager</p>	<p>March 2013</p>

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		delivery of best value in accordance with the guidance issued by the Scottish Government should be developed and approved by the Board.			
3	66	<p>Delay in preparation of the new Corporate Plan 2012-17</p> <p>In line with best practice, the LL&TTNPA's 2012/13 revenue budget was approved by the Board at its meeting in March 2012. However, the Park Authority is currently in the process of finalising the new Corporate Plan 2012-15.</p> <p>To ensure successful contribution of the LL&TTNPA to the outcomes in the National Park Partnership Plan, the Park Authority should ensure that the 2012/13 Business Plan is aligned with the new Corporate Plan once this is finalised.</p>	The LL&TTNPA is currently developing a new Performance Management Framework which will highlight the alignment between the Park Plan 2012-17, the Corporate Plan 2012-17 and the annual Business Plans and ensure consistency for reporting purposes.	Senior Management Team	December 2012