

**Draft MINUTES of MEETING of the
AUDIT & RISK COMMITTEE of**

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at the Art & Committee room of the Community Hall,
Boat of Garten
on 2 February 2018**

Present:

Dave Fallows (Convener) Walter Wilson
Judith Webb

In Attendance:

Claire Robertson, BDO
Andrew O'Donnell, BDO
John Boyd, Grant Thornton
Grant Moir, Chief Executive
David Cameron, Director of Corporate Services
Danie Ralph, Finance Manager
Francoise van Buuren, Head of Communications & Engagement
Alix Harkness, Clerk to the Board

Apologies: Janet Hunter John Latham

Election of Committee Convener

1. David Cameron highlighted that following the revision of Board membership on Committees and Groups at the October 2017 Board meeting, the Election of Committee Convener was due to take place. He therefore asked for nominations for the Convener of the Committee.
2. David Cameron asked for nominations. Dave Fallows was nominated by Judith Webb and seconded by Walter Wilson. There being only one nomination, David Cameron declared Dave Fallows as appointed Convener.
3. **Action:**
 - i. **Dave Fallows to take the position of Convener of the Audit & Risk Committee to last until September 30th 2018.**

Welcome and Apologies

4. The Convener welcomed everyone to the meeting and the apologies were noted.

Minutes of Previous Meeting

5. The draft minutes of the 29 September 2017 meeting were approved with no amendments.

Declarations of interest

6. There were no interests declared.

Matters Arising

7. David Cameron reported that the final accounts 2016-17 were laid in Parliament on 9th November 2017.
8. David Cameron gave an update on the outstanding actions throughout and listed at the bottom of the 29 September 2017 Audit & Risk Committee Minutes:
 - a) Sustainable Procurement Bill – **In hand** - On Agenda as Paper 6.
 - b) Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up for autumn 2016 – **Open** – to take place in Autumn/ Winter 2018/19
 - c) Action Point at Para.18i) **Closed** - Board Committee's Terms of reference added to website.
 - d) Action Point at Para.23i) **Closed** – LEADER Update added as standing item on Agenda's
 - e) Action Point at Para.31i) **Ongoing** – Full list of the audit recommendations in the Internal Audit Review Follow-up report to be collated and where management deem them no longer necessary to be acted on or overtaken, for explanations of this to be included. Hoped to be brought to the next Audit & Risk Committee meeting on 11 May 2018.
 - f) Action Point at Para. 41i) **Closed** – Letter of representation circulated to Audit & Risk Committee for information following meeting.
 - g) Action Point at Para. 41ii) **In hand** - Letter of representation to accompany papers and provided in advance of the meeting.
 - h) Action Point at Para. 52i) **Closed** – Trends in risks across the life of the current Corporate Plan prepared as Paper 5 Annex 2 in today's meeting papers.

Internal Audit Review: Digital Communications and Social Media Strategy (Paper 1)

9. Andrew O'Donnell presented a Paper which presents the internal auditor's report on Digital Communications and Social Media Strategy.
10. The Audit & Risk Committee made the following comments and observations:
 - a) Recognition that identifying key performance indicators suitable for monitoring social media was not an easy task and a question around what would make sense? Francoise agreed that some of the standard measures included in the recommendations were not suitable for the public sector however the reach is relevant and the engagement. She explained that most of the social media in the communications strategy would be specific and social media would be used to drive traffic to the Authority's website so that it could be measured.
 - b) Suggestion made to monitor Board Member social media activity.. Francoise explained that as part of the social media training made available to all Board

Members there were guidelines for Board Members to follow. She added that it was impossible to control what individuals do but they do have a personal responsibility to adhere to the guidance. David Cameron advised that from a governance point of view the Standards Commission for Scotland says that members of public bodies need to be mindful of their online public profile and act accordingly. He added that he would be attending a workshop on the subject in March 2018 and advised he would encourage the organisers to set up a roadshow of events that Board Members attend.

- c) Concern raised for the Key Performance Indicator that measures the speed in which an enquiry is responded to and recognition of the importance of reading and considering what the response should be would be far more important. Grant agreed and advised that social media is often being used as a tool to put information out.
- d) Suggestion made to provide Board Members with a CNPA Board profile. Grant explained that the corporate account sufficed. David Cameron advised that he could understand the sentiment however there was a difference between local authority councillors who may be used to having a “councillor profile” and elected Board members, as councillors have the right to make their views on issues relatively open within their ward and may therefore have a have digital profile as a councillor, whereas board members of a public body cannot operate in the same way as a councillor would, if the Board had not taken a position on it. Councillors who are also Board members need to also be reflective of their social media posts as these could bring them into positions of establishing a prejudicial position on subjects and therefore have a conflict of interest. Grant added that the correct social media channels were in place for the Authority.
- e) What was the benchmark on an appropriate timescale for the revision of the strategy? Francoise advised that a quick annual review of the policy was intended going forward.

10. The Audit & Risk Committee:

- a) **Considered the internal auditor’s findings on the Authority’s Digital Communications and Social Media strategy;**
- b) **Endorsed the management responses to recommendations for action raised by the internal auditor.**

11. Actions: None.

Internal Audit Review: Project Management (Paper 2)

- 12. Andrew O’Donnell presented a Paper which presents the internal auditor’s report on the Authority’s project management arrangements.
- 13. In discussion the Audit & Risk Committee made the following comments and observations:
 - a) Would it be useful for the Board to have sight of an overview of the project register when created and which Board grouping’s remit would it fall? David Cameron advised that it would sit within the remit of the Finance & Delivery Committee if at Board or Committee level, and that it sits with the Authority’s Management Team and Organisational Management Group on an ongoing basis in support of the monitoring the Operational Plan. David added that management have agreed to the recommendations set out in the report.

- b) Recognition that part of the issue of staff not recording and providing evidence for all the steps having been carried out may be as a result of staff turnover not being frequent therefore it is the same staff using the process time and time again and they become overly comfortable with the process. Suggestion made to periodically remind staff to record and evidence all the steps in the process.

14. The Audit and Risk Committee

- a) **Considered the internal auditor's findings on the Authority's arrangements for project management;**
- b) **Endorsed the management responses to recommendations for action raised by the internal auditor.**

15. Actions: None.

2018/19 Annual Internal Audit Plan (Paper 3)

- 16. Claire Robertson presented a Paper which presents the internal auditor's proposed Annual Internal Audit Plan for 2018/19.
- 17. In discussion the Audit & Risk Committee made the following points:
 - a) Suggestion made to include partners that the Authority engages with, in the source column of the Annex. Claire Robertson clarified that the source column did not mean partners in that context but more what will be looked into as part of the audit on that section.
- 18. **The Audit & Risk Committee approved:**
 - a) **the Annual Internal Audit Plan for 2018/19;**
 - b) **the Internal Audit Charter as set out in Appendix VI of the Internal Audit Plan.**

19. Actions: None.

2017/18 Audit Plan (Paper 4)

- 20. John Boyd presented the external auditor's Annual Audit Plan for the audit of the 2017/18 accounts. The plan sets out the key challenges and risks faced by the Authority associated with this year-end audit review and the associated audit work that Grant Thornton proposes to undertake.
- 21. In discussion the Audit & Risk Committee had the following questions and points raised:
 - a) In comparison to the costs last year what was the difference? Danie Ralph advised that it was only £200 more than last year.
 - b) Members noted that the financial administration of LEADER and resulting year-end balance sheet position has been included as one of the key year-end risks for review. This was considered to be an appropriate matter to highlight given the various discussions on this subject and difficulties with the central processing of LEADER by the team in Edinburgh.
- 22. **The Audit & Risk Committee:**
 - a) **Considered the external auditor's Annual Audit Plan for the audit of the Authority's 2017/18 accounts and wider reviews of operations.**

- b) **Agreed, subject to any comments, Audit Scotland's Annual Audit Plan for 2017/18.**
- c) **Agreed the external audit fee on behalf of the Board, as set out in the Plan, page 10, Fees and independence**

23. **Actions: None.**

Strategic Risk Register Update (Paper 5)

24. David Cameron presented an update on the Authority's strategic risk management and a commentary on management's review of action taken and current risk status.

He made the following points:

- a) The Strategic Risk Register runs until the end of March 2018.
- b) Those with a downward trend are shaded in grey and it is proposed to take them out after this meeting.
- c) Risk A15 has been added since the last meeting.
- d) The current Strategic Risk Register will be continued until the Spring and until the new Corporate Plan will be approved in March 2018. It is expected that the majority of the risks will be carried through in the future Strategic Risk Register.
- e) Note that the comments in Annex 2 of the paper are from December 2017 and do not reflect the current comments.

25. The Audit & Risk Committee made the following comments and observations:

- a) With reference to risk A15, with Wildlife crime in mind concern that scoring it as amber as opposed to red was being generous. Grant Moir explained that there had not been any reputational risk with wildlife crime (A15) as the Authority has responded quickly.
- b) Suggestion made to strengthen the mitigation of risk A15 to capture that Board Members are provided with a briefing and the lines to take on high profile incidents or one off stories. David Cameron agreed to add that in.
- c) With reference to risk A3 suggestion made to add providing training to help smooth through Board changes.
- d) Comment made that the trend of risk A9 had fluctuated and the need to be cautious of it.
- e) Agreement that Annex 2 detailing the trends had been very useful particularly for new members of the Audit & Risk Committee.

26. **The Audit and Risk Committee:**

- a) **Considered the update presented on the Authority's Strategic Risk Register.**
- b) **Considered whether members have any further updates which should be incorporated into the Strategic Risk Register, including any additional risks not currently incorporated.**

27. **Action:**

- i. **The current practise of Board Members being provided with a briefing the lines to take on high profile incidents to be included in the mitigation section of risk A15 of the Strategic Risk Register.**

LEADER Update (Oral)

28. David Cameron gave an update on LEADER and reported that positive progress had been made since the last meeting which had resulted in unlocking the position and Scottish Government's central team agreeing to review and release projects for payment on a project by project basis, rather than holding everything up until a full programme review has been completed.
29. In discussion the Audit & Risk Committee made the following point:
- a) How many projects had still to be assessed? David Cameron advised that there were four left from the previous sample to be screened by the central team as part of their re-review. David would continue to ask that the annual monitoring process is scheduled as early as possible. He added that the central team were aiming for the remaining four projects to be reviewed by the end of February 2018 and the 2018 review to be completed by June 2018 when the external audit visits were scheduled to take place.
30. **The Audit & Risk Committee noted this update.**
31. **Actions: None.**

Draft Procurement Strategy (Paper 6)

32. David Cameron presented a Paper which presents a revised draft Procurement Strategy for consideration and adoption by the Committee.
33. The Audit & Risk Committee discussed the following comments and observations:
- a) Clarification that open, national procurement would not be used for everything. David Cameron confirmed that where the product cost up to a few thousand pounds then a full open procurement process was not worth it and that the strategy allows the Authority to seek and identify local firms directly to tender, and gives the Authority the option to encourage local micro businesses that may not be listed on the procurement register to register.
 - b) Comment made that it was really positive to see this provision.
 - c) With regards to value for money what constitutes quality offsetting against cost, was it difficult to get a balance? David Cameron explained that quality in procurement would be defined by the person leading on the process. They would be expected to define what they mean by quality in that particular circumstance: for example speed of turnaround in reporting, period of warranty for assets, commitment to support Scottish Living Wage for staff in service contracts. The lead member of staff would assign proportionate scores for quality and price criteria having looked at the balance between price and quality sought for each individual element they were buying.
 - d) With reference to 2.2 of the Annex supporting local businesses was the limit of £10k a concern? David Cameron confirmed that a restriction is created and explained the reasoning behind it. He explained that the limit dovetails with financial regulations, which specify values at which tenders can be invited and when more open competition is required, and also with the memorandum and financial statement with Scottish Government. He added that there was no reason not to approach businesses and support them in registering on the Procurement register to access higher value contracts.

- e) With reference to 2.23 of Annex I of the Paper, when had the Authority sought the police? David Cameron advised that they had not during his time of working for the Authority however the provision was required to cover foreseeable if highly unlikely eventualities.

34. The Audit & Risk Committee:

- a) **Considered the updated draft Procurement Strategy;**
- b) **Subject to any amendments identified and agreed by the Committee, adopt the Procurement Strategy for publication and use by the Authority.**

35. Actions: None.

Cyber Resilience Action Planning (Paper 7)

- 36. David Cameron presented information to the Committee on work led by Scottish Government with all public sector bodies to implement a “Public Sector Action Plan on Cyber Resilience”. He added that the recent audit on IT controls that BDO had carried out returned with many amber recommendations had since been worked through, and this work linked directly into this subject.
- 37. In discussion Members made the following observations and comments:
 - a) Does the back-up system work? David Cameron explained that the Authority’s IT is backed up by Loch Lomond & Trossachs National Park Authority and from there they are backed up again elsewhere offsite therefore providing the Cairngorms National Park Authority with a dual back up facility with a maximum 36 hour delay.
 - b) Does the Cairngorms National Park Authority provide a backup facility for Loch Lomond & Trossachs National Park Authority too? David Cameron responded that he was not sure if the Authority backed up part of their system to Cairngorms. David understood that they relied more on available offsite back up rather than using Cairngorms.
- 38. **The Audit & Risk Committee approved the proposed governance arrangements to cover the Authority’s work on Cyber Resilience set out in this paper.**

39. Actions:

- i. **Cyber Resilience Action Planning to become a standing item on future agenda’s.**

Complaints Log (Paper 8)

- 40. David Cameron presented a Paper which presents information on the number and nature of complaints received by the Authority since the last update on this subject to the Committee in September 2017. He reminded members that the target for dealing with complaints is 20 days and that this one had gone over that target time however the initial complaint was dealt with within the 20 days but the complainant responded two to three times over to each response that was sent. He acknowledged that the clock should have been restarted at the time of each complaint.

41. **The Audit & Risk Committee accepted the information on complaints made to the Authority.**

42. **Actions: None.**

Any Other Competent Business

43. There were no items presented.

Date of Next Meeting

44. 11 May 2018, The Grant Room, Am Fasgadh building at Highland Folk Museum, Newtonmore.

45. Meeting closed 10.35 hours

Audit & Risk Committee: Outstanding Actions

Action	Status
Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up. (April 2016 meeting)	Open - to take place Autumn/ Winter 2018/19
Full list of the audit recommendations in the Internal Audit Review Follow-up report to be collated and where management deem them no longer necessary for explanations of this to be included. (September 2017 meeting)	Open - Hoped to be brought to the next Audit & Risk Committee meeting on 11 May 2018.