

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held at the Board Room, CNPA Offices, Grantown-on-Spey  
on 1 July 2016**

**Present:**

Gordon Riddler (Convener)	Dave Fallows
Fiona Murdoch	Becky Badger

**In Attendance:**

Asif Haseeb, Audit Scotland  
Matthew Swann, KPMG  
Claire Robertson, BDO  
Andrew M'Donnall, BDO  
Grant Moir, Chief Executive  
David Cameron, Corporate Services Director  
Danie Ralph, Finance Manager  
Alix Harkness, Clerk to the Board

**Apologies:** Jeanette Gaul

**Welcome and Apologies**

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

**Minutes of Previous Meeting**

2. The draft minutes of the 15 April 2016 meeting were approved with the following amendment.

- At Para 20: The first sentence to be changed to 'The Convener and another Member advised they would be on annual leave.'

**Matters Arising**

3. David Cameron reported that movement on the outstanding actions listed at the bottom of the 15 April 2016 Audit & Risk Committee Minutes are:
  - a) Sustainable Procurement Bill – On track for the next Audit & Risk Committee meeting scheduled for 16 September 2016.
  - b) Corporate Performance Paper - Partially on Agenda as Paper 5.
  - c) Speyside way extension lessons learned paper – Covered on Agenda as Paper 5.
  - d) Business Continuity/ Disaster Recovery Plans – On track for the next Audit & Risk Committee meeting scheduled for 16 September 2016.
  - e) Board Appraisals – Closed - Board Convener notified of Audit & Risk Committee's recommendation to begin appraisals in the summer of 2016.

- f) Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up for autumn 2016 – On Track - looking to be scheduled In October 2016.
- g) Questions for non-executive directors – Closed – was on Agenda for the last meeting.

### **Annual Internal Audit Report (Paper 1)**

- 4. Matthew Swann presented a paper which set out the internal auditor's Annual Internal Audit Report for 2015/16. He highlighted that there had been no serious or critical matters arising in the year - only matters to be improved.
- 5. Members discussed the following points:
  - a) Could the covering note say 9 moderate recommendations and 13 low recommendations instead of grouping them to say 22? David agreed to ensure that in the Audit & Risk Committee Annual Report moderate and low recommendations would be split.
  - b) Had all the recommendations been carried out and followed through by 31 March 2016 would this report have had a better outcome? Matt advised that there were still a number of matters in hand and reassured the Committee that report was in a very positive position.
- 6. **The Audit & Risk Committee as per the recommendations set out in the paper carried out the following:**
  - a) Considered the internal auditor's annual report covering their work in 2015/16;
  - b) Noted the internal audit opinion set out on page 5 of the report;
  - c) Considered whether the report raises any issues prior to the review of the final accounts document for 2015/16 and the Governance Statement included in the accounts document.
- 7. **Actions:**
  - i. **David Cameron to ensure that the moderate and low recommendations are split in the Audit & Risk Committee Annual report going before the Board at their meeting on 30 September 2016.**

### **2015/16 Final Accounts (Paper 2)**

- 8. Danie Ralph presented a Paper which seeks approval to the final accounts for 2015/16 prior to their being submitted to Audit Scotland for final certification. Danie advised that the final accounts were as circulated apart from page 4 which refers to the result of the European Referendum. Danie handed out the replacement page 4 to the Committee.
- 9. David Cameron gave an overview of the position of the final accounts which showed a variance of net income of 1.1% from breakeven which is within the target range set within the Board's key performance indicators for financial management. He reminded the Committee that this was the first year of the new presentation format in line with the Government Financial Reporting Manual (FReM) and welcomed comments from the Committee on how it is presented.

10. In discussion the Audit & Risk Committee made the following points:
  - a) Agreement that the final accounts shows a highly satisfying result and the format is readable and clear.
  - b) The process for changing the future timetable for finalising the accounts and would the Audit & Risk Committee have to agree it? David confirmed that they would. He advised that it would be presented to the Committee in a paper drawn up by the external auditors, whereby the auditors would discuss potential timetable for the 2016/17 accounts audit with management prior to presenting a proposed timetable to the Committee.
  - c) What kind of timescale was being looked at? David advised that there was no longer the same pressure from the sponsor team to have signed off the annual accounts by the end of June each year. David suggested that they would be looking to propose the signing off of the annual accounts in the second half of August annually.
  - d) In reference to page 24 of the final accounts, could it be explained why had the median total of remuneration increased significantly from 2014-15 to 2015-16? Danie advised that it was down to a change in the method of calculating it. He advised that last year it was based on actual hours worked whereas this year it had been calculated using full time equivalents. The Committee agreed that a cover note explaining this be added to the website page holding the link to the final accounts.
  - e) A comment was made about struggling to find the notes to accompany the text, it was suggested that hyperlinks are added within the document to make it easier for the reader. David and Danie agreed that this could be implemented for the next final accounts and on the web.
  - f) Resounding praise for David, Danie and their teams for their hard work.

**11. The Audit and Risk Committee approved the final accounts prior to submission to Audit Scotland for final certification.**

**12. Actions:**

- i. **A note explaining the reason behind the significant increase in median remuneration from last year to this year to be added to the website page holding the link to the final accounts.**
- ii. **Hyperlinks to the notes to be added within the final accounts published on the web and all future final accounts.**

**Proposed Annual Report on 2015/16 Audit (Paper 3)**

13. Asif Haseeb presented a Paper that presents Audit Scotland's proposed annual report on the 2015/16 final accounts audit. He made the following points:
  - It was the last year of the five year audit contract for Audit Scotland.
  - There had been a change to page 13 to the circulated paper in light of the outcome of the European Union Referendum.
  - The audit process and timetable in particular had been challenging but smoother than last year.
  - Annex 2 was a letter to Grant Moir and all outstanding matters noted in that letter had since been resolved.

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- Overall it was a positive report with only one issue around asset tagging but a way forward had been discussed.
14. In discussion the Audit & Risk Committee made the following points:
- a) Suggestion that the remaining asset tagging be carried out before renovations and extension begins. David advised that all high risk and moveable assets such as computers had been tagged. David outlined that the management response to the remaining audit action proposed that he develop a policy that would be brought before the Committee at their next meeting that sets out a proposal on how the Authority plan to go about asset tagging. He added the policy would require final sign off by the Audit & Risk Committee. Asif agreed that this approach would satisfy their requirements.
  - b) Claire noted that it was important not to forget the wider benefits of the asset register in supporting maintenance and replacement planning. Agreement that the benefits of an asset register for the maintenance of assets to be recognised in the Asset Tagging Policy.
15. The Audit & Risk Committee thanked Asif and his team for the first class report and their assistance over the past five years.
16. **The Audit & Risk Committee:**
- a) Considered the external auditor's annual report on the 2015/16 audit;
  - b) Reviewed and, subject to the following comments from members, endorse the management responses to actions raised in the report

17. **Actions:**

- I. **Asset Tagging Policy to be drafted and brought before the Audit & Risk Committee at their next meeting on 16 September 2016.**

### **2016/17 Annual Internal Audit Plan (Paper 4)**

18. Claire Robertson presented a Paper which presents BDO's draft Annual Internal Audit Plan for 2016/17. Claire gave an overview of the work they had planned to undertake over the coming 3 years.
19. David Cameron highlighted that Management Team's discussions with regards to the Risk Register and their preferred approach to the external audit had been reflected within BDO's Internal Audit Plan.
20. In discussion the Audit & Risk Committee made the following points:
- a) Acknowledgement that the Risk Register would need to be continually updated over the coming months and years with regard to emerging risks around European funding in particular.
  - b) A request that future reports do not include grey print on grey background as this is difficult to read for those who have sight impairments.
  - c) The likelihood of it being another one year spending review in the current financial climate.
  - d) Was there enough of a differentiation between the audits of the administration of projects such as the Tomintoul & Glenlivet Landscape Partnership and LEADER and the audit of the Authority's project management arrangements? David explained the different skew between the two substantial pieces of work,

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with the former focusing primarily on adequate separation and control of project finances and the latter looking at our control of grant award processes to third party organisations.

- e) With all the current financial uncertainty were the programmed pieces of work in the correct order? Claire advised that the Risk register could be reviewed in advance of each Audit & Risk Committee meeting and make changes if required.

18. Rebecca Badger left the meeting at this point.

**19. The Audit & Risk Committee approved:**

- a) **the Annual Internal Audit Plan for 2016/17;**
- b) **the Internal Audit Charter as set out in Appendix VI of the Internal Audit Plan.**

20. **Actions:**      **None.**

**Follow Up Report (Paper 5)**

21. David Cameron presented a follow up on previous Audit & Risk Committee consideration of the Authority's project management and complaints handling processes.

22. Members discussed the following points:

- a) Comment that the Complaints Handling Policy was very comprehensive.
- b) Should the Audit & Risk Committee be having a closer look at the complaints being received on a regular basis? David advised that he was happy to make it a standing item for the Committee. He advised that a summary of the complaints log that details which service the complaint came into could be provided to the Committee.
- c) A suggestion was made to the flow chart on Annex I of the Paper to add a section that reminds the logger to update the progress of the complaint throughout the process not just at the end. David agreed to get this added.

22. Members noted the updates presented.

23. **Actions:**

- i. **The Complaints Log to become a Standing Item at each Audit & Risk Committee meeting in the future.**
- ii. **Sections to be added to the flow chart to remind the complaint handler to update the progress of the complaint.**

**Any Other Competent Business**

24. The Audit & Risk Committee and David Cameron thanked Matthew Swann, the internal audit team and Asif Haseeb and his team for all their work over course of the past five years.

**Date of Next Meeting**

25. 16 September 2016, The Community Hall, Boat of Garten.

26. Meeting closed 10.50 hours

### **Audit Committee: Outstanding Actions**

Action	Status
Submit Sustainable Procurement Policy for Committee's consideration once drafted, to support actions around local procurement where possible within agreed procurement strategy (March 2012 meeting)	Open – a Sustainable Procurement Bill is currently being progressed and this action is deferred pending its enactment. To be brought to September 2016 meeting
Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up. (April 2016 meeting)	On track - to take place October 2016
Joint Training to be repeated with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up. (April 2016 meeting)	Open – to take place in Autumn 2017.
Draft Asset Tagging Policy to be drafted. (July 2016 meeting)	Open – to be brought to 16 September 2016 meeting.
Complaints Log to become a Standing Item at each Audit & Risk Committee meeting in the future. (July 2016 meeting)	Open – From 16 September 2016 onwards.