

**MINUTES of MEETING of the
AUDIT COMMITTEE of**

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at Glen Clova Hotel, Glen Clova
on 2 September 2011**

Present:

Ian Mackintosh (Chair)
Angela Douglas
Brian Wood

Gordon Riddler
Gregor Hutcheon

In Attendance:

Jane Hope, Chief Executive
David Cameron, Corporate Services Director
Elaine Barrowman, Audit Scotland

Apologies:

Alistair Highet, Finance Manager
Brian Curran, KPMG

Minutes of Previous Meetings

1. Minutes of the meeting of 24 June 2011 were approved with no amendments.

Matters Arising

2. Regarding point 28, 2010/11 final accounts, David Cameron reported that final signed accounts had been submitted to Scottish Government in July 2011.

Report on 2010/11 Audit to Cairngorms National Park Authority and the Auditor General for Scotland (Paper 1)

3. Elaine Barrowman presented this report to the Committee. The report set out the scope, nature and extend of Audit Scotland's audit of the 2010/11 accounts; summarised the auditors' opinions on the accounts, and highlighted any significant items arising from the audit to those charges with governance of the organisation.
4. Elaine highlighted that the report was a very positive one. The report set out that the auditors had given an unqualified audit opinion.
5. The report also summarised that the Authority has been proactive in taking positive steps toward addressing public sector funding reductions, with a voluntary redundancy process completed in 2010/11 delivering estimated annual savings in the region of £155,000 to the Authority. Additionally, the Authority had been successful in securing efficiencies in establishing shared services arrangements with Loch Lomond and the Trossachs National Park Authority.

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6. The report highlighted that the Authority has a sound internal control environment. Elaine also reported their review found that the organisation has a well established framework for the management and reporting of performance and the use of resources with comprehensive monitoring reports regularly presented to senior management and the Board.
7. The report also featured a review of the Authority's improving performance on the Scottish Government's Procurement Capability Assessment (PCA) with evidence of improvements in procurement systems being implemented in the year, while some scope for improvement remained.
8. The public sector funding environment represented the only risk area highlighted for the Authority in the report, with an overall risk that future reductions in funding will limit the Park Authority's ability to achieve its strategic objectives. Elaine reported that David Cameron had supplied a management response to this risk on behalf of the organisation as set out in the report. This reflected the high level financial scenario planning that has been undertaken by the Authority, and that the development of a new Corporate Plan from April 2012 would require a zero based budgeting approach which would fit within the new resource allocation made available to the Authority.
9. Members considered in particular the results of the PCA summarised in the report, noting that a number of areas of the assessment framework appeared to hold considerable room for future improvement, while welcoming the very positive progress made over 2010/11. David Cameron agreed that there was room for improvement and an action plan had been put in place jointly with Loch Lomond and the Trossachs NPA for 2011/12 to achieve further improvement.
10. David cautioned on the PCA that, as a result of the scale of the NPAs collectively in terms of their procurement activity, a score of 60% to 70% in many areas of the assessment was the maximum feasible to reflect with the scale of their operation. Many of the assessment criteria were simply not appropriate for the Authorities to put in place, even when combining their overall procurement activity. Members agreed that the target for improvement should not be seen to be the maximum suggested by the assessment reporting scale.
11. **The Committee thanked Elaine for the report and for her contribution to the Audit Committee over the last year.**
12. **Members welcomed the report and endorsed the management response to the risk area set out in Appendix B.**

Audit Committee Draft Annual Report (Paper 2)

13. David Cameron introduced this paper, which set out a draft of the Committee's annual report on its activities to the full Board. Best practice in governance requires that the Audit Committee report at least annually on its work to the full Board highlighting its scrutiny over the year on the organisation's internal control systems.
14. David highlighted that the risk register, subject to any amendments following members discussion of it subsequently at this meeting, would form an Annex to the Committee's report to the Board, hence also engaging the full Board with the strategic risk management processes in place within the Authority.

15. Members discussed the report in detail, noting and welcoming in particular the low number of low priority of recommendations that had once again been achieved by staff in the operation of the Authority's systems.
16. **Members requested that, in addition to the risk register, the full Audit Scotland report to those charged with governance, considered under the previous agenda item, should also be submitted as an Annex to the report to Board.**
17. **Members approved the submission of the report to Board with this addition.**

Strategic Risk Register (Paper 3)

18. Members considered the latest update to the Authority's Strategic Risk Register in detail. Amongst the details highlighted were:
 - a) Risk 4 – leadership behaviour: huge opportunity in delivering new National Park Plan to harness leadership behaviour.
 - b) Risk 7 – reduction in EU funding: the success of LEADER in levering in additional funding and as a model in generating income to the National Park was highlighted.
 - c) Risk 8 – national profile of the Park: noted that there was a lack of information on success measures of our communications activities.
 - d) Risk 9 – public understanding of CNPA objectives: the consultation on the Park Plan was again noted as an opportunity to more widely communicate the proposed objectives of the Park over the coming years, while noting this was different from the objectives of the Authority.
 - e) Risk 10 – lack of enforcement of planning decisions: agreed this risk adequately mitigated.
 - f) Risk 14 – development of sustainable design guide: agreed this should be replaced by a new risk around deployment of the now completed guide.
 - g) Risk 19 – legal challenge to planning decisions: noted there was a specific supplementary element to this risk linked to the ongoing challenge of the Local Plan.
 - h) Additional potential risks around the uncertainty of public funding creating motivational downturns for staff and the need for wider performance assessment of Board were also discussed by members.
19. **Members requested that the risk register be adapted to highlight some trend information** – an assessment of whether the risk indicated was viewed as remaining broadly static in terms of its impact and likelihood, or whether the risk was increasing or reducing following the impact of mitigation measures and environmental changes.
20. **Members agreed the risk register should be amended to reflect the various points of discussion prior to its submission to Board with the Annual Report.**
21. Members discussed the lack of time available to fully consider all information at many Audit Committee meetings, with the meeting having to finish prior to Board or Planning Committee meetings. Members agreed that David Cameron would assess

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the size of meeting agendas and seek to hold meetings on separate dates from Board or Planning Committee meetings if the amount of business warranted this.

Date of Next Meeting

22. Joint Audit Committee training, with members of Loch Lomond and the Trossachs Audit Committee, 3 October 2011, Ramada Jarvis Hotel, Perth.
23. Committee meeting 9 December, 9:00am, Boat of Garten Community Hall.

Audit Committee: Outstanding Actions

Action	Status
Include Audit Scotland report on 2010/11 audit as Annex to Audit Committee's Annual Report to Board.	Complete – to October 11 Board meeting.
Amend strategic risk register to reflect changes agreed at 2 September Audit Committee meeting	Complete – to October 11 Board meeting
Include risk trend information in strategic risk register.	Complete – to October 11 Board meeting