

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at Garry Room, Blair Castle, Blair Atholl
on 7 March 2014**

Present:

Gordon Riddler (Convenor) Jeanette Gaul
Brian Wood Fiona Murdoch

In Attendance:

Gillian McCreadie, Audit Scotland
Brian Curran, KPMG
Grant Moir, Chief Executive
David Cameron, Corporate Services Director
Daniel Ralph, Interim Finance Manager

Apologies:

Gregor Hutcheon Asif Haseeb, Audit Scotland

Welcome and Apologies

1. David Cameron reported above apologies.

Minutes of Previous Meetings

2. Draft minutes of the December 2013 meeting were agreed with no amendments.

Matters Arising

3. David Cameron reported that actions on review of the sustainable procurement policy were still on hold pending finalisation of the Sustainable Procurement Bill and the action to review progress on Best Value actions was open and would be scheduled for the June 2014 meeting.

Internal Audit Review: Regulatory Compliance (Paper 1)

4. Brian Curran introduced the internal audit review of the Authority's arrangements for ensuring compliance with key regulations and changes to those. The review had been undertaken in fulfilment of one aspect of the agreed internal audit plan for 2013/14. The report highlighted 4 recommendations for improvement action, one of which is graded as a high priority, with 2 moderate and 1 low priority recommendation. The high priority recommendation relates to a lack of regular scheduling of health and safety audits and the time delay since the last health and safety audit which took place in May 2012.

5. In discussion Brian clarified that the health and safety finding did not signify that any significant weaknesses or issues had been found with the operation of the Authority's health and safety arrangements. The finding was more focused on the overview of the arrangements that were in place and in ensuring appropriate documentation was in place to evidence reviews. David Cameron responded that the Authority has accepted this recommendation and identified that a health and safety audit of the Authority's policies and practices will be undertaken as a matter of urgency.
6. Members also noted that it was not a standard practice to require staff to sign off that they had read and understood each policy operated by the Authority. In the case of the moderate recommendation made, that this practice should be adopted in the case of Health and Safety and certain other core policies, members agreed that this practice of sign off should be adopted.
- 7. Members noted the report and endorsed the management responses given to recommendations.**

Internal Audit Review: Carbon Management and Internal Sustainability Reporting (Paper 2)

8. Brian Curran introduced the internal audit review of the Authority's review of the Authority's arrangements for carbon management and internal sustainability reporting, undertaken as part of the agreed 2013/14 internal audit plan. The report highlighted 4 recommendations for improvement action, one of which is graded as a moderate priority, with 3 low priority recommendations. Management have accepted the recommendations and management responses provided in terms of follow up action.
9. Brian reported that the moderate level recommendation related to a potential for widening of scope, and therefore improvement, of the Authority's carbon management monitoring tools which currently focused on business travel.
10. In discussion, members noted David Cameron's comments that research into the wider Carbon Trust management tool had been undertaken some years ago. However, this had been found to be too resource intensive in terms of staff time input in particular and could not be prioritised within the relatively scarce staff resources available within the Authority in the last few years. It was now accepted as a recommendation to consider allocating staff time moving forward.
- 11. Members noted the report and endorsed the management response to the recommendation.**

Internal Audit Review: IT General Controls (Paper 3)

12. Brian Curran introduced the internal audit review of the Authority's general IT controls. Brian explained that, in consultation with management, this review was undertaken as a variation to the 2013/14 internal audit plan agreed with management and the Committee. The review replaces the planned audit of the Authority's planning service arrangements, deferred until 2014/15 to allow new management and new management practices to take fuller effect.

13. The report highlights 5 recommendations for improvement action, 3 of which are graded as a moderate priority, and 2 low priority recommendations. Management have accepted the recommendations and their responses are given to these in the annexed detailed report from the internal auditors.
14. In discussion, members noted that the theme of the recommendations was around administration and documentation of some procedures, rather than any substantive findings on the operational effectiveness of the controls and IT infrastructure itself. Members thanked Brian for this review and noted it was an appropriate review to have undertaken following the deferral of the originally scheduled planning service review.
15. Members noted that they were eager that the planning service review did go ahead in 2014/15 in order to complement the wider work being undertaken by that team on the Planning Service Improvement Plan.
16. **Members noted the report and endorsed the management responses given.**

Internal Audit Follow Up Review (Paper 4)

17. Brian Curran presented KPMG's follow up review of the Authority's implementation of previous audit recommendations. This review was undertaken as part of the agreed 2013/14 internal audit plan. Undertaking formal follow up reviews of action taken in implementing previous audit recommendations helps ensure that those improvements to internal control systems highlighted by audit and accepted by management are actually implemented, and therefore that the Authority's internal control systems are maintained and, where possible, improved. In considering a wide range of previous recommendations, the follow up review also helps in management of a number of the Authority's strategic risks.
18. The report highlights that seven previous internal audit reports were within the scope of the sample for this follow up review. These 7 reports covered 18 recommendations (5 rated as moderate priority and 13 as low priority). The report highlights that 7 of the 18 recommendations have been implemented in full, with work in progress on the remaining 11. However, these 11 recommendations (61% of sample) have yet to be fully implemented.
19. In discussion, it was noted that the level of progress in completing work on previous actions was not as fully progressed as would have been hoped. David Cameron confirmed that this was also his view, and recognised that circumstances in the year regarding sudden loss of key staff, associated staff changes and also the focus on organisational change management over the past year had led to a delay in some planned improvement works. David noted that none of the recommendations in the previous reports had been at a high risk level and that some prioritisation of work had been undertaken accordingly. David and Grant also highlighted that a number of recommendations marked in the report as incomplete had actually been moved on further and Management Team would look in detail at these outstanding recommendations prior to their being considered again by Committee in August.

20. **Members thanked Brian for the report, and thanked officers for their update.**

External Audit: Annual Audit Plan 2013/14 (Paper 5)

21. Gillian McCredie presented this paper, which set out Audit Scotland's planned approach to the 2013/14 final accounts audit and which had been drawn up in consultation with the Authority's management. Gillian drew particular attention to the timetable for the conduct of the audit, with some initial work already having taken place and a key date proposed of 2 May 2014 as the final date for submission of draft accounts and associated working papers. Gillian also drew members' attention to the key risks faced by CNPA which may have a bearing on the final accounts and governance review work and which would be considered further during the course of the audit.
22. **Members agreed the plan for the 2013/14 audit, including the audit fee and thanks Gillian for her presentation.**

Draft Governance Statement (Paper 6)

23. David Cameron presented the draft Governance Statement which had been prepared for inclusion in the draft 2013/14 accounts. David highlighted that an element of the Committee's remit is to provide advice to the Accountable Officer on their completion of the Governance Statement (previously referred to as the Statement on Internal Control), which forms part of the preface to the Authority's accounts. The Statement is ultimately signed, on completion of the final accounts process, by the Chief Executive as Accountable Officer. As the Statement covers the aspects of governance and internal control systems which are the subject matter of much of the Audit Committee's work over the course of the year, it is appropriate that the Committee consider its content and advise on its accuracy on the basis of members' experience over the course of the year, prior to its inclusion in draft accounts
24. **Members agreed the Governance Statement for inclusion in the 2013/14 accounts.**

Strategic Risk Register Update

25. David presented the update to the Authority's Strategic Risk Register. The Authority's strategic risk register is regularly reviewed by senior management to review the appropriateness of the coverage of the risk register and to consider action being taken to manage and mitigate risk. The risk register was last considered by management in February 2014 and the results of the review are set out at Annex I to this paper.
26. Members noted that only one risk at this stage was identified as escalating – that around community capacity to engage in delivery of the NPPP. David reported that the escalation was due in the main to the recognised interim year of funding for community development and also an interim year around LEADER funding between old and new programmes.

27. Members noted the updates to the Register and confirmed there were no further risks identified by the Committee at this stage which warranted addition.

Any Other Competent Business

28. There were no other items of business considered.

Date of Next Meeting

29. 20 June 2014 (subsequently amended to 27 June 2014).

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.
Best Value – at least annual review of progress against Best Value improvement actions, with overall programme plan to also be presented to Committee when available.	Open – scheduled for June 2014 Audit Committee
Outstanding Audit Recommendations – review by Management Team prior to consideration by Committee in August 2014	Open – scheduled for August 2014 Audit Committee

**CAIRNGORMS NATIONAL PARK AUTHORITY
AUDIT COMMITTEE
Approved MINUTES 07/03/14**