

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at Community Hall, Boat of Garten,
on 9 December 2011**

Present:

Ian Mackintosh (Chair)
Brian Wood

Gordon Riddler
Gregor Hutcheon

In Attendance:

Jane Hope, Chief Executive
David Cameron, Corporate Services Director
Alistair Hight, Finance Manager

Apologies:

Angela Douglas, Committee member
Brian Curran, KPMG
Asif Haseeb, Audit Scotland

David Cameron reported above apologies, with very bad weather the day before having disrupted travel plans.

Minutes of Previous Meetings

1. A typing error was noted at 18 (f). Other than this, minutes of the meeting of 2 September 2011 were approved with no amendments.

Matters Arising

2. Regarding point 16, David Cameron confirmed the full Audit Scotland report on the 2010/11 audit had been submitted to Board as an Annex to the Annual Report. All other actions noted from the previous meeting had also been discharged.

2011/12 to 2013/14 Strategic Internal Audit Plan and 2011/12 Annual Internal Audit Plan (Paper 1)

3. David Cameron introduced this paper, highlighting that the Committee had previously considered a draft of the paper in conjunction with Loch Lomond and the Trossachs NPA (LLTNPA) Audit Committee members at their combined meeting and training day on 3 October. Those informal discussions had highlighted an increased risk for LLTNPA around commercial income generation activities and a request to more explicitly show a split of audit day input between each of the NPAs. The papers now presented made the required presentational adjustments and also reprioritised audit work on commercial income generation into the current, 2011/12, internal audit plan.

4. Members discussed the proposals and noted that the annual internal audit plans over the 3 years of the strategic internal audit plan were capable of reprioritisation each year as the Committee came to consideration of specific annual audit plans. Members were content, on the basis of this retained flexibility, with the revised plans now put forward.
5. **The Committee approved the internal audit strategic plan for 2011/12 to 2013/14.**
6. **Members approved the 2011/12 annual internal audit plan.**

Internal Audit Review: Financial Controls Self-Assessment (Paper 2)

7. David Cameron introduced this paper, setting out the outcome of the internal auditors' findings following a review of financial controls. The review had used a self-assessment method, with assessment initially completed by the Authority's Finance staff reviewed and tested by internal auditors to determine appropriateness of control systems.
8. David highlighted the findings of the review, and that two recommendations for improvements in financial control systems had been identified, both of which were graded as "low" priority by internal audit. Both recommendations have been accepted by management and the full report contained the proposed management responses to these areas of improvement.
9. Members discussed the report in detail, noting the recommendations for improvement made. Members were content with management responses to these recommendations, and also noted the areas identified appeared to pose very little risk to the Authority.
10. **Members noted the report and endorsed the management responses to the audit recommendations.**

Strategic Risk Register (Paper 3)

11. Members considered the latest update to the Authority's Strategic Risk Register in detail. Amongst the details highlighted were:
 - a. Risk 7 – reduction in EU funding: a new risk was identified around the concern that increasing levels of administration and bureaucracy were creating significant barriers to applicants in seeking to access funding.
 - b. Risk 9 – the trend of this risk was assessed to be reduced from increasing to static.
 - c. Additional potential reputational risk around planning services being perceived as not sufficiently responsive to appropriate development proposals within the current economic climate was agreed as an addition to the risk register.
12. **Members agreed the above changes to the risk register.**

Update on Outstanding Audit Recommendations (Paper 4)

13. Members considered the latest update on action taken on previous audit recommendations.
14. David Cameron reported that a small number of recommendations made in previous audits had now been completed and were shown with grey shading on the document. The great majority of audit recommendations made had already been reported and agreed by internal audit as fully implemented and had therefore been removed from the report completely, following normal practice.
15. David highlighted that the oldest remaining recommendations which could not yet be confirmed as fully complete was on IT contingency planning. A number of routes to complete these recommendations within an affordable price had been examined over the years and ongoing adaptations made where possible. The advent of closer working with LLTNPA had now offered a cost-effective and permanent solution and revised contracts were close to being agreed jointly between the National Park Authorities and service providers to complete off-site electronic back up of data and secure ongoing service provision.
16. Members discussed the update in detail and were content with overall progress.
17. Members also discussed the potential that in addition to the current review of risks and action on audit findings, the Committee may also take more of a role in undertaking independent review of service indicators, particularly as they relate to the discharge of the Authority's planning services. Officers confirmed this would be reasonable and would aim to bring reports back once final review mechanisms being designed under the Service Improvement Plan were finalised.

Update on Procurement Policy Development (Paper 5)

18. Alistair Hight presented an update on the Authority's work on procurement processes and controls. In particular, Alistair highlighted the work being undertaken jointly over the last two years on a joint approach to procurement policy and activity.
19. The Procurement Capability Assessment (PCA) undertaken by Scottish Government on the Authority's procurement strategy and practice had once again shown an improving trend, with an overall score of 55%, or "improved performance" status.
20. An internal assessment of the potential improvements attainable by the Authority suggests that a maximum score of 70% against the PCA criteria will be possible and Alistair suggested this would be an appropriate target for the Authority's work to seek.
21. Alistair also highlighted the action plan, annexed to his paper, which set out a proposed set of improvements to various stages of the Authority's procurement activity. If delivered, these improvements should assist the PCA score in coming much closer to the target level.
22. In discussion, members noted that sustainable aspects of procurement would be covered in policy work which was underway.
23. Members also considered the difficulties in seeking to promote the engagement of and development of local business with work required by the Authority, and the competing demands of centrally negotiated framework agreements which as a public

body the Authority was expected to use. Alistair recognised that there was great difficulty in resolving these competing interests. There is some potential that the schemes of delegation and procurement guidance being worked on at present may assist in this through allowing the smaller value contracts to be placed through locally based tender processes and participation in central framework contracts focusing on higher value and / or recurring contracts.

24. **Members noted the Joint Procurement Strategy action plan to be delivered jointly by both NPAs.**
25. **Members welcomed the progress and improved results from the Procurement Capability Assessment.**

Update on External Audit Planning for 2011/12 Audit

26. David reported that he and the new external audit manager, Asif Haseeb, had a very useful introductory meeting and broad background to the Authority together with general plans and expectations for the external audit in 2011/12 had been covered. David expected that the formal plan for the 2011/12 audit would come forward to the Committee at its meeting in March.
27. David also reported that Asif had very much hoped to attend today's meeting to introduce himself to the Committee. However, the severe weather yesterday had interrupted travel plans.

Date of Next Meeting

28. Committee meeting 16 March 2012, Grantown on Spey.

Audit Committee: Outstanding Actions

Action	Status
Amend strategic risk register to reflect changes agreed at 2 September Audit Committee meeting	Complete – on agenda for 16 March
Submit Planning Development Management timetables / key performance indicators / statistics to Committee for review	Open