

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at the Pagoda, Grantown-on-Spey
on 10 March 2017**

Present:

Dave Fallows (Convener) Fiona Murdoch
Becky Badger

In Attendance:

Claire Robertson, BDO
Andrew O'Donnell, BDO
Gareth Kelly, Grant Thornton
Grant Moir, Chief Executive
David Cameron, Director of Corporate Services
Danie Ralph, Finance Manager
Alix Harkness, Clerk to the Board
Emma Grant, Business Administration Apprentice
Eleanor Mackintosh, CNPA Board Member

Apologies: Jeanette Gaul John Latham

Welcome and Apologies

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

Minutes of Previous Meeting

2. The draft minutes of the 16 December 2016 meeting were approved with no amendments.

Matters Arising

3. David Cameron reported that movement on the outstanding actions listed at the bottom of the 1 July 2016 Audit & Risk Committee Minutes are:
 - a) Sustainable Procurement Bill – Open- will speak to Harper McLeod.
 - 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 2016/17 – Had been in touch with Jackie Carnegie at LLTNP who were reluctant to do joint training however the benefits of sharing experience of being on an Audit Committee between Board members of both National Park Authorities was pointed out. Meantime potential suppliers for delivery of the training had been contacted. The next step would be to chat to the auditors about the process and look to get it in place for the first quarter of 2017-18.

- c) Social media training for Board members to be organised – Closed – organised for 18th May 2017
- d) Information relating to Audit Committee Chairs meeting forwarded to Audit & Risk Committee Convener – Closed.
- e) Complaints log standing item on Agenda – Apologies given, will include complaints received since the last meeting in the complaints log paper for the next meeting and make it a standing item.

Internal Audit Review: Financial Processes (Paper 1)

- 4. Andrew O'Donnell presented a Paper which presents the internal auditor's report on risk management. He highlighted that the good practises that had been identified and noted 1 medium priority and 2 low priority for improvement.
- 5. The Audit & Risk Committee made the following observations and comments:
 - a) Was an electronic purchasing system being considered? Claire advised that given the low volume of transactions here it was not necessary.
 - b) Had monies been budgeted in the coming year to enable moving to an electronic system? Danie advised that it was not necessary as the current Sage package could provide it, if required. David added that having carried out a cost benefit analysis it was hard to justify the cost of an additional Sage module against the number of invoices per year.
 - c) Was the accessibility of the online banking issue still a long way off? Danie advised that the problem had been identified and proved frustrating for the team. David advised that if the problem did not get resolved over the Spring a letter would be written to the bank to request that it is fixed or our business would be taken elsewhere.
- 6. **The Audit & Risk Committee:**
 - a) **Considered the internal auditor's findings.**
 - b) **Endorsed the management responses to the recommendations for action raised by the internal auditor.**
- 7. **Action: None.**

External Audit: 16/17 Audit Plan (Paper 2)

- 8. Gareth Kelly presented a Paper which presents the external auditor's Annual Audit Plan for the audit of the 2016/17 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.
- 9. In discussion the Audit & Risk Committee made the following points:
 - a) The plan was well laid out and readable
 - b) Suggestion made to take the reference to the Board off the front cover as it was only relevant to have Audit & Risk Committee named. This was agreed.
 - c) David advised that the Management Team were content with the proposal and how things were moving on.

10. The Audit and Risk Committee:

- a) **Considered the external auditor's Annual Audit Plan for the audit of the Authority's 2016/17 accounts and wider reviews of operations.**
- b) **Agreed, subject to any comments, Grant Thornton's Annual Audit Plan for 2016/17.**
- c) **Agreed the external audit fee on behalf of the Board, as set out in the Plan, page 14, Independence and fees.**

11. Action:

- i. **Gareth Kelly to remove the reference to the Board on the front cover of Annex.**

16/17 Corporate Governance Statement (Paper 3)

12. David Cameron presented a Paper that presents the draft Governance Statement for incorporation into the 2016/17 final accounts. He made the following points:
- It had the same structure as the past couple of years
 - With reference to paragraph 27 of the Annex, he explained that when the statement from BDO was forthcoming the section in italics would incorporate the statement.

13. The Audit & Risk Committee endorsed the draft Governance Statement.

14. Action: None.

Strategic Risk Management (Paper 4)

15. 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.

16. In discussion the Audit & Risk Committee made the observations and comments:

- a) Clarification requested to explain why risk A2 had improved from red to amber given the current uncertainty surrounding Brexit. David explained that it was around the timeframe involved given that the risk register details the risks from now until the end of the current Corporate Plan which runs until 2018, which in turn lessens the impact of Brexit on the risk.
- b) Confirmation that the red trend on A9 is around staff time allocation and what is deliverable within the time.
- c) In reference to risk A10 had a response been submitted to the Scottish Government in response to the current Crown Estate consultation? Grant confirmed that a response had been drafted and that Management Team were currently reviewing it. He added that they would only be commenting on Glenlivet. It was confirmed that a request to change the focus to add socioeconomic allowance had been included in the draft consultation response.
- d) Risk VI suggestion made to refocus the risk to reflect that Active Cairngorms was no longer an issue. It was explained that the risk was around identifying and securing funding to move forward the action plan detailed in the Glenmore Strategy.

- e) The rationale for leaving in risk A6, given that the trend was green. It was explained that it was to allow for the staff survey to take place in October this year and depending on its results review at that point whether or not to take the risk out.
- f) Suggestion made to add general media and general opinion leaders into risk A14. And to add the Communications strategy and the forthcoming social media training as evidence of mitigation. This was agreed.
- g) Suggestion made to clarify risk V3 to say access infrastructure and to add the work with COAT as evidence of mitigation. This was agreed.
- h) Suggestion made to add the words appropriate and affordable to describe housing on risk R1 to better reflect the Authority's current thinking. This was agreed.
- i) Gareth commented that the risk register was comprehensive and suggested thinking about exploiting opportunities. He agreed to put forward these ideas to staff to be considered.

17. The Audit & Risk Committee considered the update presented on the Authority's Strategic Risk Register and agreed the following amendments to the following risks:

- a) **Risk V1 to be refocused to remove the reference to Active Cairngorms**
- b) **Risk A14 to include 'general media' and for the mitigation column on this risk to include the Communications strategy and forthcoming social media training.**
- c) **Risk V3 to be amended to read 'access infrastructure' and to include the work with COAT as evidence of mitigation.**
- d) **The words 'appropriate and affordable' to be added to describe the housing in risk R1.**
- e) **The removal of Risks "A4" and "A7" given the decline in risk rating over 2016/17 and there being no further outstanding mitigation actions in this area.**

18. Action:

- i. **Amendments and deletions to be made to the Strategic Risk Register as detailed in paragraph 17.**

Update to Annual Internal Audit Plan 2016-17 (Paper 5)

- 19. Claire Robertson presented a Paper which presents an update to BDO's Annual Internal Audit Plan for 2016/17. She highlighted that the update was as a result of bringing forward the internal audit of IT controls.
- 20. It was confirmed to the Audit & Risk Committee that there was budget available for the work.

21. **The Audit & Risk Committee considered the internal auditor's update report on the 2016/17 audit and endorsed the management responses to actions raised in the report.**

22. **Action: None.**

Annual Internal Audit Plan 2017-18 (Paper 6)

23. Claire Robertson presented a Paper which presents BDO's draft Annual Internal Audit Plan for 2017/18 and highlighted areas of priority in duration of proposed internal audit plan.

24. Members made the following observations and comments:

- a) With a number of changes in Corporate Governance expected throughout the year confirmation sought as to whether or not it would be best to audit this in 2017-18? David advised that it would focus on work not people and would be looking more at the induction process therefore the timing is good. Claire confirmed that it would include everything detailed in the Scottish Government 'On the Board' guidance.
- b) David advised that he was happy with work BDO had programmed for this coming year.
- c) Gareth advised that from an external auditor point of view he was also content with the plan and had no concerns.

25. **The Audit & Risk Committee approved the:**

- a) **Annual Internal Audit Plan for 2017/18;**
- b) **Internal Audit Charter as set out in Appendix VI of the Internal Audit Plan.**

26. **Action: None.**

Any Other Competent Business

27. There were no items of competent business.

Date of Next Meeting

28. 12 May 2017, The Community Hall, Boat of Garten.

29. Meeting closed 10.20 hours.

Audit & Risk 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)	Delayed – Discussions to take place between David Cameron on Harper McLeod.
Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up. (April 2016 meeting)	Open - to take place 1 st quarter of 2017/18
Consider social media training for Board members (September 2016 meeting)	Closed – scheduled for 18 May 2017
Information relating to Audit Committee Chairs meeting forwarded to Audit & Risk Committee Convener (December 2016 meeting)	Closed – information passed on.