

CAIRNGORMS NATIONAL PARK AUTHORITY

Minutes of the Audit Committee

Held at the Albert Hall, Ballater
Thursday 11 December 2008

Present

Eric Baird (Chair)

Sue Walker

In Attendance

Lisa MacDonald (Deloitte)

David Cameron, Head of Corporate Services

Stephen O'Hagan, Audit Scotland (by phone link)

Stuart Sands (Deloitte)

Jane Hope, Chief Executive

Apologies

Fiona Murdoch

Nonie Coulthard

Appointment of Chair

1. David Cameron noted that the meeting was not quorate, with only two of the Board members present. He therefore advised that Eric Baird should remain as Chair, with the appointment of the Chair to be considered again at the next quorate meeting.

Welcome

2. The Chair welcomed all present and thanked them for their attendance.

Apologies

3. Apologies as recorded above were noted.

Minutes of Meeting of 21 August 2008

4. The minutes of the meeting of 21 August 2008 were agreed without amendment.

Matters Arising

5. There were no matters arising which would not be covered by items on the agenda.

External Audit Report on the 2007/08 Audit (Paper 1)

6. Stephen O'Hagan introduced this report, which sets out the key findings of Audit Scotland's review of the Authority's financial statements for 2007/08 and also aspects of performance management and governance. Stephen noted that the main findings of the audit had been reported to the Committee in July 2008, when it met to consider the final accounts for 2007/08. This report formally set out the external auditor's findings.
7. Stephen highlighted that Audit Scotland had given an unqualified audit opinion of the financial statements of the Park Authority.
8. The Authority had met its financial target to stay within its resource budget for the year, with a year-end under-spend of £11,551 against a resource budget of £4.633 million.
9. In terms of performance against Corporate Plan goals for 2005 to 2008, the report highlighted that targets had been well progressed. The only exception to this is the formal adoption of the local plan, which has been delayed as a consequence of objections raised through the consultation process.
10. In discussion, members enquired about the impact of International Financial Reporting Standards (IFRS). Stephen responded that the main impact was likely to be in making a one-off charge to cover the liability arising from accumulated staff leave as at 31 March. Audit Scotland would be working with the Authority's officers to more closely review the IFRS impact on the shadow opening balance sheet for 1 April 2008 and would be reporting to the Committee in due course.
11. Members welcomed paragraphs 23 and 24 of Audit Scotland's report, which concluded that key internal controls tested were working effectively and also that the Authority had effective arrangements in place to prevent and detect fraud, inappropriate conduct and corruption, including policies and codes of conduct for staff and Board members.
12. Stephen thanked the Authority's members and officers for their assistance with the audit process. David Cameron also thanks Stephen and his team for their efforts in planning and conducting the audit to support an earlier closure timetable. The accounts were signed this year on 30 July 2008, compared with the end of August and October respectively for the previous two years' accounts.
13. Members welcomed the report and thanked all Audit Scotland and Authority staff involved in the accounts closure process.

Internal Audit Follow Up of Prior Year Recommendations (Paper 2)

14. Lisa MacDonald presented Deloitte's internal audit report following up progress of action on previous year recommendations. This report highlighted that of 29 recommendations reviewed, only 1 had not been progressed in any way – the generation and review of monthly journal and exception reports. This recommendation had been prioritised as level 3 (low). The other recommendations had either been fully implemented, in 19 cases, or action was in progress in 9 cases.
15. Lisa also highlighted to Committee that the auditors had noted in the report that the outstanding action was being reviewed by the Finance Manager to be progressed in due course.
16. Members welcomed the thorough nature of this follow up report and noted that the schedule of outstanding audit recommendations prepared by the Head of Corporate Services would be updated to remove those items which had now been confirmed by the internal auditors as completed.

External Audit: Annual Audit Plan 2008/09 (Paper 3)

17. Stephen O'Hagan introduced Audit Scotland's plan for delivery of the external audit of 2008/09 financial statements and performance.
18. Stephen highlighted that the plan had been drawn up in light of Audit Scotland's assessment of the range of strategic risks faced by the Authority and set out in Annex I of the report.
19. Stephen also highlighted the timetable which had been drawn up to support a further acceleration of the accounts closure process, with end June now being targeted for sign-off. Members asked whether the auditors and officers were confident that the Authority could meet the timetable. Stephen and David confirmed that they had previously discussed the timetable and were satisfied it could be achieved. As set out in the paper, David highlighted that the timetable would require an additional meeting of the Audit Committee to review accounts and audit findings.
20. Stephen highlighted that proposed fees for the 2008/09 audit had been increased by 3%, plus a 5.6% uplift to cover costs of additional IFRS work required over the course of the year. The proposed fee remained set at the mid-point of the indicative range. David confirmed that he had discussed fee arrangements with Stephen and was satisfied that the proposed fee was reasonable.
21. Following discussion, members:
 - a) Approved the external auditor's annual audit plan for the 2008/09 audit as set out in Annex I of the paper;
 - b) Endorsed the proposed timetable as set out in paragraph 26 of the plan;
 - c) Agreed the external audit fee as set out in the plan;
 - d) Agreed an additional Committee meeting in June 2009 to focus on final account matters.

Internal Audit: Update on Current Activity

22. Lisa MacDonald gave an oral update to members on work being progressed by Deloitte.
23. Initial discussions had been held with the Head of Corporate Services on the draft internal audit plan for 2008/09. This discussion had focused on internal business risks. The plan would be finalised after the results of the strategic risk management workshop were known, and submitted to the Committee for approval.
24. Prior to finalisation of the Internal Audit Plan, the Audit Committee had agreed that two project reviews should be progressed. Work was underway on these reviews, with the Land Manager Support and Point of Entry Marker projects being reviewed.
25. Lisa also noted that additional work was being progressed outside of the “core” internal audit contract, as requested by the Head of Corporate Services. A review of a grant claim to Highlands and Islands Enterprise was being undertaken. An internal audit of the administration and stewardship of LEADER funding would also be undertaken in January, as required by the Service Level Agreement (SLA) between the Authority as lead body for LEADER administration, and Scottish Government. Both these activities would be charged to specific operational budgets and would not be part of the core audit costs, which Lisa was aware was subject to an efficiency saving action in 2008/09.
26. Members thanked Lisa for the update, and noted that reports on these various activities would follow in due course.

Any Other Business

27. There were no additional items of business raised.

Date of Next Meeting

28. The next meeting of the Committee would be Friday, 20 March, in Tomintoul. (Subsequently deferred to 17 April to allow for a Finance Committee budget meeting.)