

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held via Lifesize Video Conference
on 3 February 2021**

Present:

Judith Webb (Chair)
Peter Argyle
Pippa Hadley

Janet Hunter
John Latham
Gaener Rodger (Vice Chair)

In Attendance:

Chris Brown, Azets
Stephanie Hume, Azets
John Boyd, Grant Thornton
Grant Moir, Chief Executive
David Cameron, Corporate Services Director
Vicky Walker, Office Services Manager

Apologies: None.

Welcome and Apologies

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

Minutes of Previous Meeting

2. The draft minutes of the 27th November 2020 meeting were approved with no amendments.

Matters Arising

3. David Cameron, Director of Corporate Services, reported that movement on the outstanding actions listed in 27 November 2020 Audit & Risk Committee Minutes were:
 - a) At Para 32i) – **Closed** - Director of Corporate Services has arranged for circulation of the most up to date version of the External Audit Report to the Committee.
 - b) At Para 34i) – **Closed** – Director of Corporate Services investigated the £6 per week working from home allowance from HMRC.
 - c) At Para 34ii) – **Closed** – Director of Corporate Services confirmed processes were to be designed and implemented to handle any claims from staff of excess costs arising where they were required to work from home.
 - d) At Para 34iii) – **Closed** – the need for Board cohesion and the challenges that working from home brings to the Board has been picked up through the Board survey and development conversations and actions will be picked up against that.

Declarations of Interest

4. There were no interests declared.

Internal Audit Review: Governance (Paper I)

5. Chris Brown, Azets, introduced the internal audit review of the Authority's governance arrangements. Chris highlighted the main outcomes of this review that:
 - a. Overall the governance structure complies with relevant guidance and is proportionate to the organisation's requirements;
 - b. Strategy setting and planning processes are in place and aligned with the National Parks (Scotland) Act 2000;
 - c. Notwithstanding those positives, there were areas identified for improvement;
 - d. Roles and responsibilities for decision making should be drawn out and agreed in a governance and responsibility framework;
 - e. Committee terms of reference should be regularly reviewed;
 - f. Reporting arrangements from committees to Board should be formalised and strengthened;
 - g. Arrangements for assurance over major projects should be strengthened.
6. Chris also noted that there is a relatively small staff resource dealing with governance matters, while noting there is a management structure review underway which is expected to address this matter.
7. The Audit & Risk Committee discussed the report and made the following comments:
 - a) The need for improved understanding between members and staff, and on a consistent basis across all members, on the decision making responsibilities of members and staff was fully agreed. Members reflected that the recent discussions at the Board meeting on the wide range of expected levels of decision making seemed clear at that meeting as a recent example, and reinforced the need for improved understanding. Internal auditors highlighted on this point that board members cannot be both part of an operational decision and also scrutinise it. Hence the importance of establishing and understanding strategic decision making as opposed to operational decisions to implement these strategic decisions.
 - b) The Director of Corporate Services confirmed work was underway in drafting the Governance Responsibility Framework mentioned, and a first draft to indicate proposed direction of travel has been provided to the Convener and Deputy Convener. The Director noted he did not think it would be possible to always identify specific roles and responsibilities and judgement would always be required, while seeking to design some criteria to help with this.
 - c) The Board self-evaluation survey had been completed and members also have had development conversations with the Convener. Aspects of work against these recommendations was therefore well progressed.
8. **The Audit & Risk Committee:**
 - a) **Considered the internal auditor's findings on the Corporate Governance systems and controls;**
 - b) **Endorsed the management responses to recommendations for action raised by the internal auditor.**

9. **Action Point Arising: None.**

Internal Audit Review: COVID19 Recovery / Business Continuity Planning (Paper 2)

10. Chris Brown, Azets, introduced the internal audit review of the Authority's COVID19 recovery arrangements and business continuity planning processes. Chris highlighted the main outcomes of this review, that:
- a. The Authority had been able to adapt quickly and mobilise staff before lockdown was fully implemented;
 - b. The Authority has engaged with staff regularly to ensure both operational issues and staff welfare and mental health are addressed;
 - c. The Authority has only partially implemented its Business Continuity Planning (BCP) arrangements with a number of key steps still to be completed;
 - d. Lessons learned are not currently all being captured in a single, consolidated place to ensure all necessary actions are being taken.
11. The Audit & Risk Committee discussed the report and made the following comments:
- a. The speed and effectiveness of the staff group putting alternate BCP arrangements in place was recognised and welcomed.
 - b. The report highlighted this positive response made by the Authority to the COVID19 restrictions to normal working arrangements while presenting very appropriate and helpful recommendations for future development of the BCP arrangements.
 - c. Vicky Walker, Office Services Manager, confirmed that the recommendations made were recognised as actions which needed to be taken and indeed had been planned in early 2020, with the need to implement BCP arrangements in March overtaking those plans. The report was therefore a helpful statement of forward direction for work on the further development of the BCP.
12. **The Audit & Risk Committee:**
- a. **Considered the internal auditor's findings on the Corporate Governance systems and controls;**
 - b. **Endorsed the management responses to recommendations for action raised by the internal auditor.**

13. **Action Point Arising: None.**

Internal Audit Progress Report (Paper 3)

14. Chris Brown, Azets presented a Paper which presents the Internal Audit Progress Report. He highlighted the following points:
- a) Reviews of Data Management and VAT arrangements were underway as planned.
 - b) The follow up of prior audit recommendations, internal audit annual report and internal audit plan for 2021/22 were all intended for presentation to the next Committee meeting.
 - c) In consultation with management, the planned reviews on legacy liabilities and ICT Strategy had been deferred pending review in planning for the future year's work as a consequence of staff capacity to support these reviews at this time.

The planned review of outdoor access infrastructure had been removed from plans, recognising this was not an internal audit matter while learning was expected on the same subject areas by management in dealing with arrangements in development for the Peatland Programme.

15. The Audit & Risk Committee made the following observations and comments:
- a) Agreed it was appropriate to defer some reviews while capacity was focused on other internal priorities.
 - b) Agreed the reviews underway and complete retained a good level of coverage for the year.
 - c) Noted the original internal audit plan had been somewhat over-programmed at the start of the year with the expectation that the number of internal audit days would be managed downwards over the course of the year.
16. **The Audit & Risk Committee noted the recommendations in the report.**

Draft External Audit Plan (Paper 4)

17. John Boyd, Grant Thornton, presented the draft external audit plan for the 2020/21 audit. He made the following points:
- a) The plan remained in draft as Audit Scotland planning guidance was only issued in November 2020 and their and Grant Thornton's planning processes were delayed.
 - b) Draft plans had been drawn up in consultation with management and the Finance Team.
 - c) Year-end substantive testing was planned for June 2021.
 - d) Target to report on the audit to the Committee is July to August 2021.
 - e) The key materiality considerations and significant audit risks set out in the report were outlined and explained to the Committee.
18. The Audit & Risk Committee made the following observations and comments:
- a) The Chair thanked John and the Grant Thornton team for the report and welcomed the timetable which still sought to complete the annual audit process in a timely manner despite ongoing COVID uncertainties.
 - b) Noted that work had been undertaken by the Authority's finance team to digitise processes and audit evidence as far as possible to support the audit process should it continue on a remote basis.
 - c) Noted the fee for the audit remained to be finalised.
19. **The Audit & Risk Committee noted the draft report.**
20. **Action Point Arising:**
- a. **Final report to be circulated when available from Grant Thornton.**

Framework Agreement (Paper 4)

21. David Cameron, Director of Corporate Services, presented the paper outlining the proposal to replace the current Management Statement and Financial Memorandum with a "Framework Agreement" modelled on the document presented as prepared by

Scottish Government Public Bodies Unit. The Director noted this was primarily for information at this stage and would be considered further in due course to establish any amendments required to tailor the document to the Authority's specific requirements.

22. In discussion, the Committee the following points were raised:
- a) Noted this would also be considered at the Board session on governance;
 - b) Next step for the Committee's input would be to consider draft amendments to the model document.

23. **The Audit & Risk Committee noted the update.**

24. **Action Point Arising: None**

FOISA: Information Commissioner's Handling of Review (Oral Update)

25. Director of Corporate Services reported on the Information Commissioner's recent decision on a review escalated to the Commissioner for decision, following the Authority's decision that it does not hold the information sought. The Information Commissioner had found that the Authority had handled the request appropriately.

26. **The Audit & Risk Committee noted the update.**

Any Other Business

27. There were no other items of business raised.

28. The Chair thanked the Committee for their contribution today and extended her thanks to the CNPA Staff and Auditors teams for the work presented at the meeting.

Date of Next Meeting

29. 12 March 2021 at 9:30.