

**MINUTES of MEETING of the
AUDIT COMMITTEE of
THE CAIRNGORMS NATIONAL PARK AUTHORITY**
**held at Duke of Gordon Hotel, Kingussie
on 13 September 2013**

Present:

Angela Douglas
Brian Wood

Janette Gaul
Gregor Hutcheon (Chair)

In Attendance:

Asif Haseeb, Audit Scotland
Brian Curran, KPMG
David Cameron, Corporate Services Director

Apologies:

Grant Moir, Chief Executive
Gordon Riddler
Daniel Ralph, Interim Finance Manager

Welcome and Apologies

David Cameron reported above apologies. Members noted that Brian Wood had called to indicate there had been a road closure and he would join the meeting as soon as possible.

Minutes of Previous Meetings

1. Minutes of the meeting of 16 August 2013 were approved.

Matters Arising

2. David Cameron reported that the Auditor General had written to confirm the Authority's 2012/13 accounts had been cleared for laying in Parliament with no matters to be brought to the attention of Parliament. Officers were now bringing the final version of the Annual Report for 2012/13 together to submit to our Sponsor Team to lay.

Annual Report on the 2012/13 Audit (Paper 1)

3. Asif Haseeb introduced this report, which set out the scope, nature and extent of the 2012/13 external audit, together with summarising any audit opinions and conclusions and any significant issues arising.

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APPROVED MINUTES 13/09/13**

4. Asif highlighted that Audit Scotland had again given an unqualified audit opinion that the 2012/13 financial statements for the Authority give a true and fair view of the state of the Authority's affairs and of net expenditure for the year. Asif also highlight that working papers had been of a high standard with staff providing excellent support to the audit team throughout the process.
5. Brian Wood joined the meeting at this point.
6. Two action points were highlighted in the report. This first of these relate to the Authority's role as lead partner for Cairngorms LEADER Local Action Group – the difficulty in reconciling closing grant balances due to the Authority having been the cause of the delay in the audit closure with the consequent additional audit fee incurred in the year. The action point remaining for the Authority was to ensure that as lead partner it met the required timetables for completing the project eligibility review as required by Scottish Government. The management response to this action point agreed in advance of this meeting highlighted that the deadline had in fact been met.
7. The second action point related to an outstanding need for the Authority to consider updated Scottish Government guidance on Best Value and identify any actions required to address issues identified on review. Asif recognised that various issues arising had led to delays in the review of guidance being taken forward and also noted that the results of the review were on the agenda for consideration at a later part of this meeting.
8. Finally by way of introduction Asif highlighted a number of national studies undertaken by Audit Scotland over the course of the year which may be of some interest to the Committee. These reports were all available through the Audit Scotland website.
9. Members discussed the findings set out in the report. In particular, members expressed their thanks to the Finance Team for the high quality of working papers remarked on in the report and again by Asif in his introduction. Members also expressed their thanks to David and the wider team for achieving an excellent outturn financial position and a full level of expenditure on the shovel ready capital programme. Members highlighted this was an excellent overall performance by the team and Programme Managers in what had been very difficult circumstances and in managing a high workload and often very tight deadlines.
10. More widely, members discussed the difficulties encountered over 2012/13 external audit in having sufficient information made available to them by the internal auditors to allow the Audit Scotland team to place full reliance on the work of KPMG. Members expressed their disappointment with this situation and confirmed their intent that the auditors should work as closely as possible together to provide efficient and cost-effective audit support to the Committee and the Authority. Following up a request from members, David agreed that he would seek to have an early discussion with KPMG to resolve this situation as far as he could, and also seek to timetable key internal audit work on financial control processes to ensure relevant audits were complete prior to external audit commencing and that working papers should therefore be available.
11. **Members welcomed the report and thanked Asif and his team for their work over the course of the audit.**

12. **Members endorsed the management responses to the action points set out in the report.**

Audit Committee Draft Annual Report (Paper 2)

13. David introduced this paper, which set out a draft of the Committee's annual report to the Board. Best practice governance guidance proposes that an Audit Committee should formally report to the full Board at least once each year on its activities, and this report aimed to ensure the Committee met those best practice requirements. This report covers the period September 2012 to September 2013.
14. David highlighted that, subject to any comments, the report would be submitted to the Board meeting of 27 September.
15. Members requested that their congratulations for the team's effectiveness and high quality of working papers produced should be reflected in the report, and requested that the report also much more positively reflect the overall success of David and the wider management team in implementing a robust control framework consequently with very few audit recommendations for actions being made.
16. Members asked whether it would be possible with the time available for the report to explain more fully the Committee's approach to strategic risk management and the resultant scope of the risk register produced.
17. David confirmed that he would seek to incorporate these amendments prior to the report's submission to the Board.
18. **Subject to the above amendments, members agreed the draft Audit Committee Annual report for submission to the Board.**

Internal Audit Plan 2013/14 (Paper 3)

19. Brian Curran presented the proposed internal audit plan for 2013/14, following on from the strategic audit plan previously agreed for the three years from 2011/12 to 2013/14 and in the context of the strategic risk register that had now been developed.
20. Brian highlighted that one piece of work, the LEADER review, had already been completed prior to the Committee's meeting, with agreement of the Corporate Services Director, as this was a requirement of the Authority's service level agreement with Scottish Government and the Committee therefore had no flexibility in this regard. Delivery plans were also advanced on the controls risk self assessment and financial planning works as, again in discussion with David Cameron, these were viewed as the key areas of work to support external audit with their 2013/14 closure work.
21. Members discussed the proposed nature and scope of a number of the proposed audits. Members noted that while the nature of the audits had been discussed in principle, the detail of each scope would be agreed by management prior to the work commencing.
22. **Members agreed the internal audit plan for 2013/14 as set out in the paper.**

Any Other Competent Business

23. There were no other items of business considered.

Date of Next Meeting

24. 6 December 2013.

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.
Present updated review of Best Value against current guidance to Committee for consideration. (September 2012 meeting)	Closed – agreed at September 2013 Committee meeting.
Review draft strategic risk register by management team before presenting to Audit Committee for formal adoption (April 2013 meeting)	Closed – reviewed and adopted by Board at September 2013 meeting.
Discuss arrangements for external audit reliance on internal audit activity and phase key internal audit reviews accordingly.	Closed – matter discussed with KPMG. Key reports being presented to December 2013 Audit Committee prior to preliminary external audit work.
Adapt draft Audit Committee Annual Report for comments made at Committee meeting (September 2013 meeting)	Closed – report amended and agreed by Board on 27 September.
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

Confidential Discussion Session: Best Value Review

25. David introduced his paper setting out a draft review of the Authority's position in light of the Scottish Government's revised guidance on Best Value. This paper had been presented in confidential session as the paper was still in draft form subject to the views of the Committee.
26. David outlined the nature Scottish Government's revised approach to Best Value. The draft paper presented an updated assessment of the Authority's areas for improvement against the revised Best Value characteristics. David highlighted that the vast majority of "Best Value" improvements had already been identified by management as required organisational and operational improvements prior to this more formal Best Value assessment and were therefore already underway.
27. Members discussed a number of the improvement works highlighted in the report and agreed their fit with the Authority's movement toward compliance with the revised Best Value guidance.
28. **Members agreed the paper as an appropriate response to the revised Best Value guidance.**
29. **Members agreed it would be appropriate to see at least an annual review of progress against the actions identified in the Best Value review.** Members also agreed that they would welcome sight of the Programme Plan drawing the various workstreams together when this was available.