

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at Cairngorms NPA Offices, Grantown on Spey
on 15 March 2013**

Present:

Angela Douglas
Brian Wood

Gordon Riddler (Chair)

In Attendance:

Asif Haseeb, Audit Scotland
Ursula Lodge, Audit Scotland
David Cameron, Corporate Services Director

Apologies:

Gregor Hutcheon, Member
Janette Gaul, Member
Grant Moir, Chief Executive
Brian Curran, KPMG

Welcome and Apologies

David Cameron reported above apologies.

Appointment of Committee Chair

David Cameron asked members to consider the appointment of a Committee Chair until Autumn 2013, following the retirement of Iain Mackintosh from the Board. Angela Douglas nominated Gordon Riddler. This nomination was seconded by Brian Wood. Gordon Riddler accepted the role.

The Chairman then welcomed everyone present to the meeting.

Minutes of Previous Meetings

1. Minutes of the meeting of 14 September 2012 were approved with no amendments.

Matters Arising

2. David Cameron highlighted that three of the five actions from previous meetings, noted at the end of the minute, we now completed and closed. Two actions remained

open as a result of wider demands on staff time – the presentation of a draft sustainable procurement policy and an update on Best Value Guidance. Members noted this progress against actions identified by the Committee.

Internal Audit Review: Financial Controls (Paper 1)

3. David Cameron presented KPMG's report on their internal audit review of the Authority's financial controls in the absence of Brian Curran.
4. The report highlighted 5 recommendations for improvements in financial control systems, all of which were graded by the internal auditors as of low priority. In terms of KPMG's classification of findings, this low rating represents minor control weaknesses with a minimal impact on the ability to achieve the objectives of the controls.
5. **Members noted that the management responses agreed to implement the required actions to address the identified improvements. No other issues were identified as regards the findings.**
6. **Members noted the report, and welcomed the overall strength of the financial control processes in place within the Authority.**

Internal Audit Review: Performance Management (Paper 2)

7. David introduced this internal audit review into the Authority's performance management and reporting systems. The report noted that the Authority had put in place coordinated performance reporting of delivery of the National Park Partnership Plan (NPPP), the Corporate Plan and the health of the National Park generally. The auditors had commented that the monitoring framework gives an insight into the relationships between the state of the Park and the drivers for change that act on it, and also the impact of changes and the delivery of management actions outlines in the strategic plans.
8. David highlighted that only two recommendations for improvements had been made, again both graded as low priority. David commented that he was personally very pleased with the low level and number of recommendations arising from this review given that the systems had only just been significantly reworked to reflect the newly adopted NPPP and Corporate Plan. David remarked that this bore testament to the work undertaken collectively by the Programme Managers within the Operational Management Group.
9. In discussion, members questions whether the recommendation that "measurement bases" needed to be established for Key Performance Indicators (KPIs) suggested that the indicators had been adopted without any clarity on how they would be measured. David explained that he understood this referred not to how the KPI would be measured – rather to the need to establish a baseline measure for a number of KPIs in order that the impact of work from that baseline could be monitored.
10. **Members noted the report and endorsed the management responses to the audit recommendations.**

Governance Statement (Paper 3)

11. David highlighted to members that the draft governance statement now under consideration would ultimately form part of the final accounts report for 2012/13. The Committee is charged with advising the Accountable Officer on the governance of the organisation, its risk management and strength of internal control systems, on the basis of members' experience of these matters through the year. A draft of the statement is therefore brought at this time to allow members to review and comment on it prior to its submission to Audit Scotland as part of the final accounts package.
12. In discussion, members noted their agreement with the statement while highlighting a couple of points where rewording was required to improve the clarity of the statements. Members also accepted that while the statement highlighted that a revised strategic risk register had been developed it would only be signed in June with this reference still included on the basis that the risk management work had been completed by that time.
13. **Members agreed the draft governance statement for 2012/13 subject to the two minor amendments identified.**

External Audit: Annual Audit Plan (Paper 4)

14. Asif Haseeb noted that Committee members had already discussed the content of this proposed annual audit plan for 2012/13 audit at an informal meeting in January. At that time, members had agreed that audit work should proceed as planned and that the plan would be fully considered and adopted at the next formal meeting of the Committee. The Plan was therefore included in the current agenda for this purpose.
15. **Members approved the 2012/13 annual audit plan and the fee for audit. Members welcomed the fee reduction compared with the previous year's fee level.**

External Audit Update on 2012/13 Audit (Paper 5)

16. Asif informed members that to date the audit work had progressed as planned. An evaluation of key controls had been undertaken in February and a report on the outcome of that work would be presented to the next meeting of the Committee in April if possible, which would be in advance of the agreed schedule of end of May 2013.
17. **Members thanked Asif for producing the paper and giving the update.**

Update on Audit Recommendations (Paper 6)

18. David presented the updated listing of previous audit recommendation and status of work to implement agreed actions. David highlighted that there had been some slippage in the implementation of a few remedial actions. However, this was typically against low priority findings and was again the result of staff losses and also the prioritisation of additional year end finance and project work created through the allocation of the additional shovel ready capital funding to the Authority.

19. Members noted that good progress had however been made in implementing the remedial actions against a range of recommendations. Members commented the report highlighted that audit recommendations remained on management's agenda and was not being forgotten after the end of the audit work.

Any Other Competent Business

20. There were no other items of business considered.

Date of Next Meeting

21. 26 April, Cairngorm Hotel, Aviemore.

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 – originally planned for completion December 2012. Delayed as a result of staffing changes.
Present updated review of Best Value against current guidance to Committee for consideration. (September 2012 meeting)	Open – originally planned for December 2012. Delayed as a result of prioritisation of capital investment work, staffing changes and pending start of new CEO.