

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at Beaton Craigie Room, Albert & Victoria Halls, Ballater
on 15 April 2016**

Present:

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| Gordon Riddler (Convener) | Dave Fallows |
| Jeanette Gaul | Becky Badger |
| Fiona Murdoch | |

In Attendance:

Kyle McAulay, Audit Scotland
Grant Moir, Chief Executive
David Cameron, Corporate Services Director
Alix Harkness, Clerk to the Board
Helen Rees, Governance and Corporate Performance Manager

Apologies:

Matt Swann, KPMG
Danie Ralph, Finance Manager

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 19 February 2016 meeting were approved with no amendments.
3. The draft minute of the confidential session on 19 February 2016 were approved with no amendments.

Matters Arising

4. David Cameron reported that movement on the four outstanding actions listed at the bottom of the 19 February 2016 Audit & Risk Committee Minutes are:
 - a) **Corporate Performance Paper** – this paper will include updates on complaints handling process and complaints statistics at June 2016 meeting.
 - b) **Sustainable Procurement Bill** – On track for June 2016 meeting.
 - c) **Speyside Way Extension Lessons Learned Paper** – On track for being brought to June 2016 meeting.
 - d) **Business Continuity/ Disaster Recovery Plans** – On track for June 2016 meeting.

- e) **Action Point at Para 10i** – Outstanding. David Cameron to advise Board Convener of Audit & Risk Committee’s recommendation for Board appraisals within the next week, given appraisals are to start in June 2016.

Review of Internal Controls 2015/16 (Paper 1)

- 5. Kyle McAulay presented a Paper which presents external auditor’s report on the review of Internal Controls 2015/16. He highlighted that there were the no major issues identified only a number of minor issues.
- 6. Members discussed the following points:
 - a) Reassurance that the one-off incidences in the last year would not be repeated. David advised that he had looked into it and was looking into bank controls. David is satisfied that both incidents had not been as a result of systematic processes and were rather a result of human error in applying process.
 - b) Clarification as to why Recommendations 5 and 6 of the Paper were scheduled to take place in May 2016 and not April 2016? David advised that this was to allow the Finance Manager to focus on the closure of the accounts within timetable agreed by the Committee and Audit Scotland.
 - c) Whether the minor issue with the dual authorisation of journal postings within the General Ledger had been resolved? David advised that staff changes were coming where the current Corporate Support Officer was retiring in the summer. He added that as a result of this, Management were reviewing the post and looking into the possibility of bringing in a Finance Trainee making a helpful addition to the team that could allow for a further division of controls. In the meantime, there were no plans to have David counter-sign all journal transactions instigated by the Finance Manager. The report had confirmed this area was a low risk and was not aiming to correct any significant weakness in control systems.
 - d) Confirmation was sought from Kyle regarding his take on the reasonableness of the management response on the general ledger. Kyle confirmed that he felt that the reasoning given for not countersigning was reasonable.
 - e) The Convener advised that he felt that paragraph 12 gave the reader the impression that recommendations remained outstanding and was therefore misleading. He requested that it be amended to emphasise that they are minor issues that are being addressed. Kyle agreed to amend this.
- 7. **Members agreed the report.**
- 8. **Action:**
 - i. **Kyle McAulay to amend paragraph 12 of the report to emphasize that the issues are minor and are being addressed.**

Financial Reporting Scrutiny Reviewing the Annual Accounts (Paper 2)

- 9. Kyle McAulay presented the external auditor’s briefing paper that covers the expected role of the Audit Committee and members in reviewing the annual accounts.
- 10. Members discussed the following points:
 - a) Suggestion to have a training meeting with Loch Lomond & Trossachs National Park Audit Committee and the newly appointed Auditors. Grant agreed that

this could be arranged and would be most suited after the September 2016 Board meeting that agrees which Board Member would sit on which Committee. It was agreed that this training would need to be repeated again in 2017 given the number of changes of Members on the Board that year.

- b) The usefulness of the questions was difficult to assess without having anything to apply them to. David advised that he and the Clerk to the Board would endeavour to ensure that the list of questions would accompany the papers for the June Audit & Risk Committee meeting.
- c) Overall, members believed they have always been fully engaged with the papers and subjects coming to the Committee and had been comprehensive in questioning matters coming before them.

11. The Audit and Risk Committee considered the briefing paper.

12. Actions:

- i. **Joint training involving Loch Lomond & Trossachs National Park Audit Committee, Cairngorms National Park Authority Audit & Risk Committee and the new Internal Audit providers to be organised to take place following the September 2016 Board Meeting and repeated in September 2017.**
- ii. **The list of questions found on page 5 of the Annex to the Paper to accompany all future Audit & Risk Committee meetings papers.**

Update on Internal Audit Service Provision (Oral Update)

- 13. David Cameron provided an update on the Internal Audit Service Provision for the coming year. He advised that BDO LLP had been appointed to the framework for Internal Audit services which covers the Cairngorms National Park Authority, with the procurement exercise having been led by SNH. He added that he has a meeting with BDO LLP next week to discuss management needs.
- 14. David reminded the Members that this was the last year of a five-year cycle with Audit Scotland as the appointed external auditors. He added that the Auditor General's Office had advised that Grant Thornton LLP had been identified as the external auditors for the next five-year cycle, subject to there being no conflicts of interest between this firm and the Authority. David was not aware of any conflicts which may impact on this appointment.
- 15. The Convener stated that the collaboration of audit findings between the internal and external auditors has worked well and that he hopes that this will continue between the two newly appointed companies.
- 16. The Audit & Risk Committee noted this development.
- 17. **Action: None.**

Any Other Competent Business

- 18. David Cameron confirmed that the Risk Register would be brought before the full Board at their meeting on 24 June 2016 as part of the twice yearly corporate

reporting paper and that the Audit & Risk Committee's amendment and addition had been made.

19. Kyle McAulay asked the Audit & Risk Committee to confirm that they had not been aware of any frauds in the 2015-2016 period other than those that had been disclosed. Members confirmed this.
20. The Convener and another Member advised that they would be on annual leave on the date of next Audit & Risk Committee meeting and Members discussed moving the date of the meeting. It was agreed that the Clerk to the Board canvass Members to find a suitable date.
21. **Action:**
 - i. **Clerk to the Board to canvass for suitable date week beginning 27th June 2016 to move next Audit & Risk Committee meeting to.**

Date of Next Meeting

22. 1 July 2016, The CNPA Board Room, Grantown-on-Spey.
23. Meeting closed 10.15 hours

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. To be brought to June 2016 Board meeting |
| Report on lessons learned from Speyside Way extension project and financial management arrangements (June 2015 meeting) | Open – Paper is currently being put together. To be brought to June 2016 meeting |
| Present Business Continuity/ Disaster Recovery Plans to Committee once final drafting is complete. (August 2015 meeting) | Open – Scheduled for a Paper to be brought to June 2016 meeting |
| David Cameron to advise Board Convener of Audit & Risk Committee's recommendation for Board appraisals, given appraisals are to start in June 2016. (February 2016 meeting) | Open – To be carried out by end April 2016 |
| Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up. (April 2016 meeting) | Open - to take place after September 2016 Board meeting. |
| Joint Training to be repeated with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up. (April 2016 meeting) | Open – to take place in Autumn 2017. |
| Questions for non-executive directors and independent members to consider as part of the accounts scrutiny and approval process to accompany Audit & Risk Committee | Open – To be brought to June 2016 meeting. |

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| meeting. (April 2016 meeting). | |
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**CAIRNGORMS NATIONAL PARK AUTHORITY
AUDIT & RISK COMMITTEE
Approved MINUTES 15/04/16**