

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held at CNPA Boardroom, Grantown on Spey  
on 16 March 2012**

**Present:**

Ian Mackintosh (Chair)  
Brian Wood

Gordon Riddler  
Gregor Hutcheon

**In Attendance:**

Jane Hope, Chief Executive  
David Cameron, Corporate Services Director  
Alistair Hight, Finance Manager  
Asif Haseeb, Audit Scotland  
Brian Curran, KPMG

**Apologies:**

Angela Douglas

**Minutes of Previous Meetings**

1. Minutes of the meeting of 9 December 2011 were approved with no amendments.

**Matters Arising**

2. Changes had been made as requested at the 9 December 2011 meeting to the strategic risk register and this action was now closed. Work on the establishment of Development Management Key Performance Indicators (KPIs) is ongoing as part of the Planning Service Improvement Plan and also tied into the development of a performance management framework for the new Corporate Plan.

**Internal Audit Review: Commercial Income Generation (Paper 1)**

3. Brian Curran introduced this paper, reporting on the outcome of the internal audit review of commercial income generation within the National Park Authorities. Only one recommendation had been made relevant to Cairngorms NPA, graded as a moderate priority for action.
4. Brian highlighted that CNPA has very little directly generated commercial activity, primarily as a result of its enabling approach, and the internal audit work within Cairngorms had therefore been directed at the work of third parties, and in particular the work of Cairngorms Outdoor Access Trust (COAT). The recommendation arising from the report related to the financial structure of COAT and the

requirement to establish a trading subsidiary if it was to remain fully tax efficient in delivering future planned commercial activities.

5. Brian and David Cameron reported that a meeting between KPMG, COAT and CNPA representatives had been held subsequent to the issue of the draft internal audit report. The recommendation was fully accepted and work was underway within COAT to establish a trading subsidiary. This had already been a matter under consideration by COAT's Board.
6. Members discussed report, noting the differing emphasis highlighted in the report between the activities of the two NPAs.
7. **Members endorsed the management response and agreed the report.**

### **Internal Audit Review: LEADER Review (Paper 2)**

8. Brian Curran introduced this paper, highlighting that an annual internal audit review of LEADER processes within the Authority is a requirement of the Service Level Agreement (SLA) between the CNPA and Scottish Government as the Managing Agency for LEADER in Scotland.
9. Brian highlighted the report set out three areas for improvement in systems, with two recommendations made graded at high priority and one recommendation graded moderate. All three recommendations had been accepted by management and proposed management responses were set out in the report
10. Members discussed the report in detail, noting the recommendations for improvement made. Members noted in particular that frequent changes to the Technical Guidance for LEADER processes had made it difficult for staff to undertake standard, consistent appraisal processes. This had been exacerbated by staff changes within the team over the last few months.
11. Members were reassured that while there were a small number of relatively high priority recommendations, action was under way to address improvements. Members also noted that only one relatively low value error had resulted in terms of claims processing which was also being dealt with.
12. **Members noted the report and endorsed the management responses to the audit recommendations.**

### **External Audit Plan (Paper 3)**

13. Asif Haseeb introduced this paper, setting out Audit Scotland's annual plan for conduct of the audit of the Authority's 2011/12 accounts.
14. Asif highlighted the proposed timetable for conduct of the audit set out in the report, and confirmed that the timetable had been agreed with David Cameron and Alistair Hight. The proposed timetable would continue to aim for laying audit accounts in Parliament by the end of July 2012. Asif emphasised that it was vital that draft accounts and working papers were supplied to him and his team on the dates set out in the timetable if the final date for presenting accounts to Audit Committee in June

and laying accounts in Parliament in July were to be met, as his team were tasked with delivering a number of audits over this period.

15. Asif also highlighted the proposed fee for the audit set out in the plan. The fee represented a reduction on the total fee originally set for the 2010/11 audit as a result of Audit Scotland's own efficiency savings measures. David Cameron reported that he had agreed the fee in principle with Asif, with members required to confirm the fee on behalf of the Authority.
16. Members discussed the scope of the plan, and in particular reviewed the main risks and summary assurance plan set out. Asif confirmed that he was satisfied with the assurance and supporting evidence that these risks were being managed and would be reviewed these risk areas further as necessary during the audit process.
17. **Members welcomed the paper and thanked Asif for his presentation.**
18. **Members agreed the fee for the 2011/12 external audit.**

#### **Joint Procurement Strategy (Paper 4)**

19. Alistair Hight presented this paper, which set out a draft Joint Procurement Strategy proposed for adoption within both NPAs to manage and improve the ways in which the Authorities buy goods and services.
20. Alistair highlighted the background to this work. The Authority, in receiving and managing grant in aid from Scottish Government, is charged with obtaining best value in the use of those funds. The effectiveness of the Authorities in procuring goods and services had been assessed over the last 3 years by a Procurement Capability Assessment (PCA) and the proposed adoption of the Procurement Strategy is a step forward in improving the overall management and governance of the procurement process.
21. Alistair reported that Andy Jump, based in Loch Lomond and the Trossachs National Park Authority (LLTNPA) has been taking on the role of Procurement Manager for both NPAs and had coordinated development of this draft strategy. A series of training for budget holders was also planned, to be delivered by Andy, once the Procurement Strategy had been agreed and adopted within each Authority.
22. Members discussed the document and highlighted the ongoing concern, raised at previous meeting, on the ability where possible to promote the local economy through the Authority's buying of goods and services from locally based businesses. In discussion, members noted the considerable difficulty in balancing promotion of locally procured goods and services with competing demands of centrally negotiated framework agreements which, as a public body, the Authority was expected to use. In line with discussions at the previous meeting, Alistair reported that a scheme of delegation for procurement was proposed whereby contracts of up to £10,000 required evidence of best value in procurement, while it was permissible to seek a minimum of three quotations for work of a value up to £25,000. In these circumstances, there were real opportunities for local firms to be invited directly to tender to supply required goods and services.

23. Alistair and David highlighted that supplementary sustainable procurement guidance is also being produced to clarify the potential to promote contracting with local businesses within the overall Procurement Strategy. The Sustainable Procurement Guidance would be submitted to Committee towards the end of the year.
24. Members thanked Alistair and colleagues in LLTNPA for the work on this strategy document.
25. **Members agreed the Procurement Strategy for adoption within the Authority.**

#### **Strategic Risk Register (Paper 5)**

26. David Cameron introduced the latest update to the strategic risk register. The register now incorporated the additional risks identified at the previous meeting and also other amendments. The risks were now presented in order of those risks assessed as escalating for any reason followed by those which were level in terms of risk posed to delivery of the Authority's objectives.
27. Members noted that a number of the risks shown towards the end of the register as declining in risk to the organisation could potentially be removed. Members noted that over the next 6 months or so, the Authority would be convening a risk workshop to develop a new, completely refreshed risk register following on from adoption of the new Corporate Plan from 2012 to 2017. Therefore, it made sense to retain sight of these decreasing risks for the time being for ongoing monitoring until the new risk register is in place.
28. **Members noted the current strategic risk register, with no further amendments required at this time.**

#### **Update on Outstanding Audit Recommendations (Paper 6)**

29. David introduced this paper, the second of the regular, standing items to Committee.
30. David highlighted that the oldest remaining recommendations on IT contingency planning was now nearing completion. An increased bandwidth internet link was due to be installed in the Grantown office before the end of March. This would enable automated overnight back-up of data via LLTNPA and subsequently to a further, off-site location giving two back-up data stores and completing the data security aspect of the contingency planning work.
31. David highlighted that work had been finalised on delivery of improvements against a number of other recommendations. The recommendations had now been shaded out as completed since the schedule was last considered by the Committee.
32. **Members noted the report.**

#### **Date of Next Meeting**

33. Committee meeting 25 May 2012, Boat of Garten. (Subsequently cancelled in anticipation of a high volume of Planning Committee business.)

### Audit Committee: Outstanding Actions

Action	Status
Submit Planning Development Management timetables / key performance indicators / statistics to Committee for review. (December 2011 meeting)	Open
Submit Sustainable Procurement Policy for Committee's consideration once drafted, to support actions around local procurement where possible within the agreed Procurement Strategy. (March 2012 meeting)	Open – planned for December 2012 completion.
Arrangements for Strategic Risk Assessment Workshop to be put in place over first half of 2012/13. (March 2012 meeting)	Open