

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held at the Community Hall, Boat of Garten  
on 16 September 2016**

**Present:**

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

**In Attendance:**

Claire Robertson, BDO  
Andrew MacDonald, BDO  
Grant Moir, Chief Executive  
David Cameron, Corporate Services Director  
Danie Ralph, Finance Manager

**Apologies:** Alix Harkness, Clerk to the Board.

**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 1 July 2016 meeting were approved with the following amendment(s).
  - At Para 26 it was noted that the timetable for Audit Committee training was late autumn / winter 2016/17 once Committee memberships have been revised by the Board.

**Matters Arising**

3. David Cameron reported that movement on the outstanding actions listed at the bottom of the 1 July 2016 Audit & Risk Committee Minutes are:
  - a) Sustainable Procurement Bill – Delayed – Waiting for update from joint Procurement Manager.
  - b) Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up for autumn / winter 2016/17 –On Track
  - c) Complaints Log to become a Standing Item at each Audit & Risk Committee meeting in the future – Outstanding.
  - d) Asset Tagging Policy to be drafted and brought before Audit & Risk Committee on 16 Sept 2016 – Closed on today's Agenda as Paper 3.

## Internal Audit Report: Risk Management (Paper 1)

4. Internal auditors presented a Paper which presents the internal auditor's report on risk management. The auditors highlighted that a moderate level of assurance had been given to both the design and operational effectiveness of the Authority's risk management policies and procedures. This represented the second best of a four tiered audit assessment framework as set out in an Appendix to the report.
5. The auditors explained that the Authority's risk management approaches had been assessed against BDO's Risk Maturity Assessment Model, set out in Appendix four to the report. This highlighted varying levels of development and maturity of the organisation in its approaches to risk management, with most of the criteria being assessed at the "defined risk" or "managed risk" levels.
6. Four recommendations for improvement had been raised, two at medium and two at low levels of significance. All had been agreed by management.
7. Members discussed the following points:
  - a) Members welcomed BDO's internal audit work in this area, and particularly welcomed the analysis of the risk management approaches across the various categories of maturity in approach. Members noted this style of report gave a very clear indication of both the current levels of operation of risk management within the organisation and also gave a clear indication of the potential direction of travel and work that could be done to augment approaches.
  - b) Members agreed that the recommendation to receive a more detailed report on one or more of the risk areas at each committee meeting was a particularly helpful suggestion to improve members' review and input to risk management.
  - c) The new high risk area about EU exit impacts and its consequences for wider financing of activities was agreed as a good start point for this work.
8. **The Audit & Risk Committee:**
  - a) **Considered the internal auditor's findings.**
  - b) **Endorsed the management responses to the recommendations for action raised by the internal auditor.**
  - c) **Agreed that the risks around EU funding and management of these risks should be reported on as the first in depth review of risk management.**
7. **Actions:**
  - i. **Present report on risks around EU funding and management of these risks as the first in depth review of risk management**

## Audit Committee Annual Report (Paper 2)

8. David Cameron presented a Paper which presents the Audit & Risk Committee Annual Report to the Board.
9. In discussion the Audit & Risk Committee made the following points:

- a) Members welcomed the summary of the audit reviews undertaken and that once again there were low numbers of recommendations raised and no high priority recommendations raised.
- b) Members agreed that the levels of control put in place by management were robust and appropriate to the scale of the organisation.

**11. The Audit and Risk Committee considered the report and agreed it should be circulated to the Board.**

**12. Actions:**

- i. **Circulate Audit Committee Annual Report to Board.**

**Approach to Asset Tagging: Draft Policy (Paper 3)**

13. David Cameron presented a Paper that presents proposals on the Authority's approach to asset tagging, following up the action point in Audit Scotland's 2015/16 Annual Audit Report to Members.

14. In discussion the Audit & Risk Committee made the following points:

- a) With respect to paragraph 8, a reference to "low" risk of loss, theft or misappropriation would be more appropriate than the use of "reduced". This point was agreed.

**15. The Audit & Risk Committee:**

- a) **Considered the proposed approach to asset tagging;**
- b) **Subject to the agreed amendment, approve the proposed policy on asset register and asset tagging.**

**17. Actions:**

- i. **Modify policy in line with agreed amendment and incorporate into financial processes.**

**Governance: Declarations of Interest and Role of Convener (Paper 4)**

18. David Cameron presented a draft guidance note to members and Conveners on the process of declarations of interest and the roles of Conveners in that process.

19. David Cameron highlighted that this paper had been brought forward in order to address questions that had, albeit infrequently, arisen around Committee declaration of interest processes and sought to clarify matters in line with the development of best practice expected under the Code of Conduct.

20. In discussion the Audit & Risk Committee made the following points:

- a) Generally the briefing note was believed to be helpful for members and worthwhile circulating to the Board for full consideration.
- b) Where there was some intervention required by a Convener to clarify a matter on declarations of interest, this should not be undertaken in public and the process of the meeting therefore would require to be suspended to allow private discussions to take place.

- c) On the matter of the final decision, all agreed that the Code of Conduct clearly put the final and absolute responsibility on the individual member to consider their position and whether they required to declare an interest. David agreed with this and indicated that this guidance note was not intended in any way to counter-act that individual responsibility. The note sought to clarify the role of a Convenor where it was detected that there was any lack of clarity on when an interest might be declared.

**18. The Audit & Risk Committee:**

- a) **Considered the draft guidance note.**
- b) **Agreed the guidance note should be submitted to the Board for final approval.**

**19. Actions:           Submit paper to Board for consideration.**

**Strategic Risk Management (Paper 5)**

20. David Cameron presented an update on the Authority's strategic risk management and a commentary on management's review of action taken and current risk status.

21. Members discussed the following points:

- a) Risk A1: members felt there was a need to give greater consideration to diversification into wider ranges of potential income streams. Those listed from LEADER and Lottery Funding were relatively tradition public funding streams and more innovative approaches to wider sources of income were also required.
- b) Risk A11: it was noted that since publication of these papers, the Cairngorms Local Action Group and Authority had received a "green" risk classification from Scottish Government on our LEADER administration and assessment processes, therefore suggesting this risk may be lowering. The internal audit report would also be presented to the next Committee meeting.
- c) Risk A12: recent pronouncements on the suspension of LEADER funding after the UK Government Autumn Statement highlighted that this risk on disruption to project activity as a result of the EU exit vote was escalating further.
- d) Risk A12 would be very appropriate for the first in depth review of risk management and mitigation.
- e) Risk A1 on public finance constraint should also be looked into as a priority, although it was noted that this may be better timed after there was awareness of the Scottish Government's budget settlement.
- f) Agreed that risk A5 around partnership delivery mechanisms should now be removed after a long period of green residual risk assessment and no reported issues.

**22. The Audit and Risk Committee:**

- a) **Considered the update presented on the Authority's Strategic Risk Register.**
- c) **Agreed risk "A5" should now be removed from the strategic risk register given decline in risk rating over 2016 and there being no further outstanding mitigation actions in this area.**

23. **Actions:**

- i. **None.**

**Governance: Standards Commission Information Updates (Paper 6)**

22. David Cameron presented a number of updates issued by the Standards Commission for Scotland and to seek the Committee's views on any further action required on the basis of guidance issued.

23. Members raised the following points:

- a) Members queried who, in the absence of a post specifically designated as a Standards Officer, would act as the specific point of contact. The paper stated that various members of staff had some input to this work within the Authority. David confirmed that the role of Standards Officer was an integral part of his role and members should see the Director of Corporate Services as the first point of contact for standards and governance matters.
- b) The difficulties around social media use were highlighted by members as a key issue of concern for them. Members agreed that the advice note on social media should be specifically circulated to all members on the Board and felt that there would be merit in considering training for Board members on use of social media when a member of a public body.
- c) Email to members including the social media advice should also link to provide access to the other advice notes.

24. **The Audit & Risk Committee:**

- a) **Considered the briefings issued by the Standards Commission for Scotland presented with this paper.**
- b) **Agreed that social media guidance should be sent to all Board members on behalf of the Committee, with links to other advice notes also supplied.**
- c) **Agreed Board should consider training on social media use as part of its training and development programme.**

25. **Actions:**

- i. **Circulate Standards Commission Advice Note on Social Media to all Board members with link to other advice notes;**
- ii. **Provide social media training within Board training and development programme.**

**Any Other Competent Business**

24. None.

**Date of Next Meeting**

25. 16 December 2016, The Grant Arms, Grantown-on-Spey

Meeting closed 10:25 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)	Delayed – waiting for input from Joint Procurement Manager
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 late Autumn / Winter 2016/17.
Complaints Log to be added as a Standing Item to Committee agenda (July 2016 meeting)	Closed – on agenda
In depth analysis of risks and risk management posed by EU exit	Closed – on agenda
Circulate Standards Commission Advice note to all Board members on behalf of Audit Committee (September 2016 meeting)	
Consider social media training for Board members (September 2016 meeting)	