

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held at the Grant Arms Hotel, Grantown-on-Spey  
on 16 December 2016**

**Present:**

Becky Badger	John Latham
Dave Fallows (Convener)	Fiona Murdoch
Katrina Farquhar	

**In Attendance:**

Andrew O'Donnell, BDO  
Claire Robertson, BDO  
Grant Moir, Chief Executive  
David Cameron, Corporate Services Director  
Danie Ralph, Finance Manager  
Alix Harkness, Clerk to the Board

**Apologies:** Gareth Kelly, Grant Thornton  
Lindsay Robertson, Grant Thornton  
Jeanette Gaul

**Election of Committee Convener**

1. David stated that as this was the first meeting of the Committee following the revision of membership by the Board, Committee members were required to elect a Convener for the year. Dave Fallows was nominated Fiona Murdoch and seconded Becky Badger. There were no other nominations and as Proper Officer David Cameron declared Dave Fallows as Committee Convener.

**Welcome and Apologies**

2. The Convener welcomed everyone to the meeting and the apologies were noted.

**Minutes of Previous Meeting**

3. The draft minutes of the 16 September 2016 meeting were approved with no amendments.

**Matters Arising**

4. David Cameron reported that movement on the outstanding actions listed at the bottom of the 16 September 2016 Audit & Risk Committee Minutes are:
  - a) Sustainable Procurement Bill – Delayed – rather than waiting further for input from Joint Procurement Manager, he advised he would seek advice from Harper Macleod.

- b) Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up for autumn 2016 –Open - Looking to get it set up and begin canvassing for dates in February 2017.
- c) Complaints Log to become a Standing Item at each Audit & Risk Committee meeting in the future – Closed – On Agenda.
- d) In-depth analysis of risks and risk management posed by EU exit – Closed – on Agenda.
- e) Standards Commission Advice note circulated all Board Members on behalf of Audit Committee – Closed – circulated 13 December 2016.
- f) Consider social media training for Board Members – Open – will be looked into.

### **Internal Audit Review: LEADER Administration (Paper 1)**

- 5. Andrew O'Donnell presented a Paper which presents the internal auditor's report on LEADER Programme Administration.
- 6. The Audit & Risk Committee made the following observations and comments:
  - a) Agreement that it was a very positive report.
  - b) Congratulations to be passed to staff on the set up of a fit for purpose system with special thanks to David Cameron for all his work getting it to that stage.
  - c) The concerns with the Scottish Government LARCS system.
  - d) The mechanics of the Local Action Group's (LAGs) scoring system for appraising funding applications was noted as being robust and well set out.
- 7. **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.**
- 8. **Actions:           None.**

### **Internal Audit Review: Project Financing (Paper 2)**

- 9. Andrew O'Donnell presented a Paper which presents the internal auditor's report on project financing.
- 10. In discussion the Audit & Risk Committee made the following observations and comments:
  - a) The Heritage Lottery Fund (HLF) will be asked to confirm and agree specific definitions of eligibility to ensure additional control mechanisms can be put in place.
  - b) Confirmation that the Finance & Delivery Committee would be tasked with looking more closely at the cash flow of community support activities such as LEADER and Tomintoul and Glenmore Landscape Partnership.
  - c) Confirmation that full cost recovery is not possible by the Authority as it is not able to recover central costs associated with support for these community based projects.
  - d) Concern raised regarding the inability to recover management costs associated with managing additional staff and providing finance and administrative support. Agreement that these are, on the other hand, seen to be valuable investments for the area rather than costs that need to be recovered.

- e) Recognition that it is important it is widely recognised, including by Scottish Government in considering the cost of the Authority's "corporate services" that the Authority has been instrumental in enabling projects to go ahead and providing treasury management and wider support.

**11. 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.**

**12. Actions:           None.**

**Risk Management Strategy (Paper 3)**

- 13. David Cameron presented a Paper that presents a draft Risk Management Strategy for consideration by the Committee, addressing a recommendation from the internal audit review of the Authority's risk management approaches. The internal audit had flagged up outdated documentation with respect to risk management approaches. The Annex set out a draft Strategy and sought any thoughts from members and auditors.
- 14. In discussion the internal auditors highlighted they believed this was a very positive approach to addressing the recommendation, and took the step often missed elsewhere of addressing opportunities in addition to risk. The Audit & Risk Committee agreed and were content with the way it stood without need for amendment.
- 15. **The Audit & Risk Committee considered the Risk Management Strategy presented and agreed the Risk Management Strategy for adoption by the Authority.**
- 16. **Actions:           None.**

**Risk Management: Analysis of Risk Project Disruption from EU Exit (Paper 4)**

- 17. David Cameron presented a more detailed analysis of the strategic risk to delivery of the Authority's objectives posed by the current uncertainties around the UK's exit from the European Union. He reminded Members that this paper follows up the agreement by the Audit & Risk Committee to analyse at least one of the Authority's strategic risks in more detail at each meeting.
- 18. In discussion the Audit & Risk Committee made the following observations:
  - a) Clear risk management analysis.
  - b) Agreement that it would still require close monitoring of the situation as further information is forthcoming.
  - c) Discussion around the differences in the risks to the Authority as opposed to the risks to the National Park area.
- 19. **The Audit & Risk Committee:**
  - a) **Considered the analysis of the strategic risk presented.**
  - b) **Considered whether any adaptations are required to the risk register, the specific risk and the mitigation measures currently adopted, and agreed none were required.**

20. **Actions: None.**

### **Complaints Log (Paper 5)**

21. David Cameron presented an update on the types of complaints received over 2016/17 to date.
22. Members agreed that the number of complaints overall were minimal considering the number of planning applications that had been processed during the time period, and wide range of other activities the Authority was engaged in.
23. The Convener praised the staff for the positive results.
24. **The Audit and Risk Committee noted the information presented.**
25. **Actions: None.**

### **Any Other Competent Business**

26. Andrew O'Donnell confirmed that the next topic for internal review was Grant Financing and Pension Administration.
27. David Cameron advised that in addition to the programmed work an additional item of work had been discussed around the overall approach to IT infrastructure, assessing the robustness of it as it stands and to provide advice on the direction of travel to coincide with the Scottish Governments push for an open data strategy using the cloud.
28. **Action:**
- i. **Grant to forward information relating to Audit Committee Chairs meeting to Dave Fallows.**

### **Date of Next Meeting**

29. 10 March 2017, The Pagoda, Grantown-on-Spey

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)	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.
Consider social media training for Board members (September 2016 meeting)	Open – to be explored.