

## CAIRNGORMS NATIONAL PARK AUTHORITY

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### Minutes of the Audit Committee

Held at the Village Hall, Kincaig  
17 April 2009, 9:00am

#### Present

Eric Baird (Chair)  
Ian MacKintosh

Fiona Murdoch  
Lucy Grant

#### In Attendance

Lisa MacDonald (Deloitte)  
Jane Hope, Chief Executive  
David Cameron, Head of Corporate Services

#### Apologies

Sue Walker  
Stephen O'Hagan, Alison MacDonald - Audit Scotland

#### Appointment of Chair

1. David Cameron invited nominations for Chair of the Committee, this being the first quorate meeting following the Board's ratification of membership for the year to September 2009. Eric Baird was nominated, and there being no other nominations David declared Eric as Chair.

#### Welcome

2. The Chair welcomed all present and thanked them for their attendance.

#### Apologies

3. Apologies as recorded above were noted.

#### Minutes of Meeting of 11 December 2008

4. A typing error on point 11 of the minute was noted, which read "arrangement sin" and should read "arrangements in". Other than this, the minutes of the meeting of 11 December 2008 were agreed.

## **Matters Arising**

5. Members questioned the comment on auditor's fees in the minutes (point 20). David Cameron confirmed that this item related to external audit fees and that the internal audit fees were covered by a separate contract.
6. David Cameron highlighted that the schedule of outstanding audit recommendations had not been included on the agenda for this meeting as a result of work pressures. David commented that an update would be presented to the next meeting, most likely in the form of a formal follow-up report from the internal auditors.
7. Lucy Grant left the meeting at this point. Lucy was required to attend preparations for a Board discussion she would be facilitating.

## **Internal Audit Review: Project Management Review – Point of Entry Signage (Paper 1)**

8. Lisa MacDonald introduced this item, reporting on the outcome of Deloitte's review of the Point of Entry Signage Project. The review found that in 3 of 7 areas of project control, arrangements accord with good practice and operate satisfactorily. Lisa highlighted four areas of control where arrangements are either adequate or offer scope for improvement and that five recommendations for action were made (all at priority 2). All recommendations have been accepted by the Head of Corporate Services and the Project Manager.
9. David Cameron commented that in the case of 3 of the 5 recommendations, action has already been implemented to address the areas highlighted for improvement.
10. **Members welcomed the report and endorsed the management responses to the recommendations for action.**

## **Internal Audit Review: Project Management Review – Land Management Support (Paper 2)**

11. Lisa MacDonald introduced this item, reporting on the outcome of Deloitte's review of the Land Management Support Project. The review found that in 4 of 7 areas of project control, arrangements accord with good practice and operate satisfactorily. Lisa highlighted three areas of control where arrangements are either adequate or offer scope for improvement and that three recommendations for action were made (all at priority 2). All recommendations had been accepted by the Head of Corporate Services and by the Head of Heritage and Land Management.
12. In discussion, members particularly welcomed that the aspects of the reviews looking at the establishment of a rationale for each project; the linkages between projects and the Corporate and National Park Plans; the establishment of clear aims and objectives for projects and project impact were all found to be working relatively well. This gave

some confidence to members that projects undertaken were, indeed, contributing to the intended outcomes set out in the Corporate and National Park Plans.

13. **Members agreed that these project reviews were helpful and should be continued in future internal audit plans.**
14. **Members welcomed the report and endorsed the management responses to the recommendations for action.**

### **Internal Audit: Strategic Risk Management (Paper 3)**

15. Lisa MacDonald presented this paper, setting out the outcome of the strategic risk management workshop held in December 2008. Deloitte had facilitated this workshop, with participants from both the Management Team and Audit Committee. Some 102 risks had been considered and voted on by attendees at the workshop. Lisa highlighted that the resultant top 25 risks had been extracted and approved by the Authority's Management Team, with a few minor amendments, as the proposed Strategic Risk Register for the organisation.
16. David Cameron stated that the proposed strategic risk register resulting from the Management Team's subsequent consideration of the risk register workshop results was set out at Annex 2 to the paper.
17. In discussion, members questioned the typical size of organisations' strategic risk registers. Lisa commented that, in her experience, the 25 risks proposed by the Management Team and following on from the Deloitte report, was typical of the size of risk registers that organisations found to be manageable.
18. Members had a lengthy discussion on the coverage of the risk register, and in particular whether there was adequate coverage of the range of visitor management and tourism work in which the Authority was engaged. David Cameron and Lisa MacDonald highlighted that it was appropriate for members to seek to add or amend the strategic risk register at this stage if there was agreement to do so.
19. **Members agreed that risk number 28 from the Deloitte workshop report should be added into the strategic risk register: that "tourism businesses do not engage with the concept of a National Park in a meaningful and effective way". Members also agreed that the revised risk register should be included as an Appendix to the Committee's Annual report to the Board, in order to fully inform All Board members of the work done with regard to risk management and ensure that the Board had regard to the risk register established.**
20. **Subject to the amendment noted above, the Committee approved the revised strategic risk register for future ongoing monitoring by the Management Team and Audit Committee.**

### **Internal Audit: Update on Current Activity**

21. Lisa MacDonald gave an oral update to members on work being progressed by Deloitte.
22. A review of the Authority's administration of the LEADER grant and support of the Local Action Group (LAG) had been undertaken. A draft report was in preparation and would be brought to a future meeting of the Committee. The report set out 6 recommendations for future action which were being considered by the Head of Corporate Services and the Head of Economic and Social Development as the Head of Group responsible for this activity. Three of these recommendations were at priority 2 level and 3 at priority 3. David Cameron confirmed that he was broadly content with the recommendations made. The greatest amount of potential work arising from the draft report was in the area of IT and progressing a specific accreditation for security standards.
23. Deloitte had also been requested to undertake some work reconciling payments to a grant claim to Highlands and Islands Enterprise. The outcome of this work would also be reported to the Committee for information.
24. Both of these items of work were additional to the main internal audit contract and workplan.

### **External Audit Review: International Financial reporting Standards (Paper 6)**

25. David Cameron introduced this item on behalf of Stephen O'Hagan and Alison MacDonald. The paper set out Audit Scotland's review of the Authority's restated balance sheet at 31 March 2008, as required under the Scottish Government's timetable for adoption of International Financial Reporting Standards (IFRS). The report from Audit Scotland highlights that there were no errors to report in the restated balance sheet. The report also noted that further work was needed to finalise segmental reporting analysis. Financial accounts, on an IFRS basis, are required to report on financial performance on the same basis as that used internally for allocating resources and evaluating performance.
26. David confirmed that he did not anticipate this additional work to be problematic. The Finance Manager had already done a considerable amount of work in developing an appropriate system of segmental analysis, on the basis of the 10 priorities for action set out in the Authority's Corporate and operational Plans.
27. **Members thanked Audit Scotland for their report and noted the results of the review.**

### **External Audit Review of Internal Control Systems 2008/09**

28. David Cameron introduced this item on behalf of Stephen O'Hagan and Alison MacDonald. The paper set out Audit Scotland's review of the Authority's internal

control systems as part of initial testing in the lead up to the 2008/09 review of the accounts.

29. David reported that Alison MacDonald had mentioned to him that she had found significant improvement in the Authority's budget monitoring systems as a result of new processes implemented by Alistair Hight, the Finance Manager.
30. The report noted one action to be addressed – that a record be kept of the monthly reconciliation of the creditors control account.
31. **Members thanked Audit Scotland for their report and noted the results of the review.**

### **Any Other Business**

32. David Cameron highlighted the requirement to consider future internal audit contracts, as had been flagged up on the agenda. Lisa MacDonald thanked members for their attention to Deloitte's reports at this point and left the room.
33. David Cameron reported that he had made some effort to establish a joint procurement of internal audit services with other organisations, and had attended a number of procurement and shared services workshops and networking events to this end. However, there had been no success in establishing a joint contract as previously directed by the Committee. Unfortunately, Loch Lomond and the Trossachs National Park Authority (LLTNPA) had also separately let an internal audit contract, prior to commencing the current programme of closer joint working, and had not invited the CNPA to collaborate in this.
34. Given the current joint working project with LLTNPA, David recommended that the CNPA contract with Deloitte should be extended for a further, final 2 years. This would give contracts for internal audit services which would come to a conclusion at the same time for both NPAs and allow a joint procurement process to take place.
35. **Members agreed this proposal and authorised David Cameron to negotiate a further 2 year extension to the current contract with Deloitte, on the basis that this would be the final extension to the contract.**

### **Date of Next Meeting**

36. The next meeting of the Committee would be Friday, 26 June, Ballater.