

**MINUTES of MEETING of the
AUDIT COMMITTEE of
THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held at Albert Hall, Ballater
on 18 March 2011**

Present:

Ian Mackintosh (Chair)
Angela Douglas

Brian Wood
Gordon Riddler

In Attendance:

Jane Hope, Chief Executive
David Cameron, Corporate Services Director
Lisa MacDonald, Deloitte
Elaine Barrowman, Audit Scotland

Apologies:

Alistair Highet, Finance Manager
Gregor Hutcheon
Martin Doherty, Deloitte

Minutes of Previous Meetings

1. Minutes of the previous meeting of 10 December were agreed without amendment.

Matters Arising

2. The Chair welcomed Elaine Barrowman of Audit Scotland to the meeting, this being Elaine's first Cairngorms NPA Audit Committee meeting.
3. There were no matters arising that would not be covered elsewhere on the agenda.

External Audit: Annual Audit Plan 2010/11 (Paper 1)

4. Elaine Barrowman gave an initial, brief outline of her background and previous career. Elaine has been with Audit Scotland for 20 years, and was coming fresh to central government audit.
5. Elaine outlined that the role of the external auditor in dealing with audit of central government and Non-Departmental Public Bodies (NDPB) was wider than the typical external role, as set out in the paper. The external audit would cover financial accounts, governance, reliance on internal audit, and also arrangements in place within the Authority to cover Best Value arrangements.

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6. The paper set out a range of key strategic risks facing the Authority that had been identified following pre-audit discussion with senior staff.
7. Elaine highlighted that in the public sector, in addition to financial reporting, performance measurement and monitoring is also a key task for the organisation. Elaine highlighted that the initial impression gained in reviewing documents in preparation for the audit was a very positive one in terms of the rigour of current performance monitoring and reporting systems. There may perhaps be opportunity for greater focus to be given to the value added / contribution made by the organisation.
8. Elaine highlighted the section of the paper setting out the proposed fee for the audit, which represented a saving over the fee for 2009/10. Fees had been agreed in principle with the Corporate Services Director subject to Audit Committee ratification.
9. In discussion, members noted that the timetable drawn up and set out in the paper had been discussed in advance with officers and, if adhered to, would deliver final audited accounts within deadlines set by Scottish Government. Other points highlighted in discussion were:
 - Best value considerations included both cost and the quality and effectiveness of delivery and services. Work with partners was a key element in securing elements of best value.
 - Work was ongoing, in the lead up to establishment of a new National Park Plan and associated Corporate Plan, on redevelopment of performance monitoring and management systems.
10. **The Committee endorsed the proposed external audit plan for the 2010/11 audit.**
11. **The Committee agreed the fee for the 2010/11 audit as proposed in the paper.**

Internal Audit Review: Pensions (Paper 2)

12. David Cameron introduced this paper in Martin Doherty's absence.
13. The paper set out the results of the internal auditor's review of the adequacy and effectiveness of internal control arrangements in place for the Authority's pension provision. David highlighted that the review formed part of the agreed internal audit plan, and also that a regular internal audit review of pensions arrangements was required to support the Accountable Officers annual certification of pension arrangements.
14. The report highlighted 2 recommendations for improvement, one of which was graded medium priority and had already been acted upon, and the other graded low priority.
15. **Members welcomed the review and endorsed the management responses set out in the paper.**

Internal Audit Review: Planning Enforcement (Paper 3)

16. David Cameron introduced this paper, which set out the results of the internal audit review on Planning Enforcement services. David highlighted that the service was still relatively new within the Authority. The internal audit review of the service had been undertaken as part of the annual internal audit plan to ensure appropriate internal control arrangements had been designed into the new service and to assist in any future development of the shape or design of the service.
17. The report highlighted three recommendations for improvement, one graded as medium priority and 2 with low priority. Management responses had been set out in the paper to all recommendations.
18. In discussion, members noted the importance of visibility of an enforcement service within the National Park, to back-up the wider work undertaken through planning services.
19. **Members welcomed the review and endorsed the management responses set out in the paper.**

Internal Audit Update

20. David reported that a number of internal audit reviews forming part of the 2010/11 plan were near completion. These covered Financial Controls, project management arrangements around the delivery and funding of access works, and the follow-up review. Following completion of this work, the internal auditors would also issue their annual report.
21. It had not been possible to bring final reports on these reviews to this meeting of the Committee. David reported to members that he would seek to put in place an additional meeting, prior to the scheduled meeting on 24 June which would consider the final accounts, in order to deal with these final 2010/11 internal audit matters.

Update on Outstanding Audit Recommendations (Paper 4)

22. Members considered the standing report updating progress made against previous audit recommendations.
23. Members noted that a follow-up review would be undertaken by internal audit to confirm progress made and this was likely to be presented to Committee at the next meeting.
24. The Committee thanked officers for the ongoing progress made.

Strategic Risk Register (Paper 5)

25. Members considered the latest update to the Authority's Strategic Risk Register, following on from its consideration by the Management Team in earlier in March 2011.
26. The paper highlighted that the strategic risk register is a key tool in the Authority's work to manage the risks faced by the organisation in delivery of its corporate objectives. In establishing and maintaining the register, the Authority sets out the

significant risks around delivery of objectives and considers the actions that may be required to manage or mitigate those risks.

27. Members discussed the risk management process, noting that the register had been formed two years ago through a workshop facilitated by the internal auditors and attended by members of the Management Team and Board members. The register had been updated regularly since that time to maintain an audit trail of action taken to manage risks, and also to add new risks or remove those where it had been agreed by senior managers and Audit Committee that risk had been adequately diminished or was no longer relevant.
28. Members noted that there were a range of potential risks that were not reflected in the strategic risk register, and which, as relatively new members of the Audit Committee, they may have expected to see recorded. David explained that the 20 or so strategic risks adopted in the register were the “tip of the iceberg”, with over 100 risks identified and evaluated at the workshop.
29. David also highlighted that should members feel any specific risks were not identified and members felt that these could directly impact on the organisation’s delivery of its agreed Corporate Plan, then it would be appropriate for the Committee to adopt these risks into the register along with an explanation of their significance and action that may be taken to mitigate the risk.
30. David also highlighted that he expected that the complete renewal of the risk register would take place relatively early in 2012, once general principles around the Authority’s new Corporate Plan for 2012 onwards had been established. The formation of a new set of corporate objectives would form an appropriate point at which to hold a workshop to develop a revised risk register and risk management approaches.
31. **Members noted the report.**

Any Other Business

32. There were no other items of business raised.

Date of Next Meeting

33. Next scheduled meeting 24 June.
34. As noted above, an additional meeting may be arranged to deal with remaining 2010/11 internal audit reviews. [These internal audit reports were subsequently considered by correspondence rather than a meeting being convened to consider them.]