

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held at Beaton Craigie Room, Albert & Victoria Halls, Ballater  
9am, on 19 February 2016**

**Present:**

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

**In Attendance:**

Kyle McAulay, Audit Scotland  
Matt Swan, KPMG  
Grant Moir, Chief Executive  
David Cameron, Corporate Services Director  
Danie Ralph, Finance Manager  
Alix Harkness, Clerk to the Board

**Apologies:** None.

**Review Convener of Committee position, following election of Gordon Riddler to Deputy Convener of Planning Committee (Oral Update)**

1. The Convener reminded Members that he had recently been elected to the post of Deputy Convener of the Planning Committee and advised that he would be content to continue the role of Audit & Risk Committee Convener until the 2015/ 16 Final Accounts were signed off in June 2016.
2. **The Audit & Risk Committee agreed with the proposal being put forward and requested that the election for a new Audit & Risk Committee Convener becomes an item of business on the agenda for the meeting following June.**
3. **Action:**
  - i. **Election of Audit & Risk Committee Convener to take place at Audit & Risk Committee meeting following accounts and audit completion.**

**Welcome and Apologies**

4. The Convener welcomed everyone to the meeting and there were no apologies.

## Minutes of Previous Meeting

5. The draft minutes of the 13 November 2015 meeting were approved with no amendments.

## Matters Arising

6. David Cameron reported that movement on the three outstanding actions listed at the bottom of the 13 November 2015 Audit & Risk Committee Minutes are:
  - a) The Corporate Performance paper went before the Board at their meeting in December 2015 and the complaints handling process will be laid before the Audit Committee at their June 2016 meeting.
  - b) Following a meeting with Harper & MacLeod, it is hoped that a Paper will be laid before the Audit & Risk Committee at their June 2016 meeting to deal with sustainable procurement developments within the new Procurement Regulations in force from 1 April 2016.
  - c) The Organisational Management Group had gone through the lessons learned from the Speyside Way extension and it was hoped to have drafted a paper to be laid before the Audit & Risk Committee at their June 2016 meeting.
  - d) Business Continuity/ Disaster Recovery Plans had been issued to all staff. An overview of this would be brought before the Audit & Risk Committee in the next couple of months.

## Internal Audit Review: Governance (Paper 1)

7. Matt Swan gave some context on all 3 papers on the Agenda today, highlighting that where the KPMG reports were marked as draft this reflected that responses from Loch Lomond and the Trossachs had not yet been finalised. All reporting information set out for Committee as regards Cairngorms NPA was final and agreed with management. He then went on to present the internal auditor's report on Governance.
8. The following points were discussed:
  - a) The different forms that the Board member appraisal could take; voluntary, self-evaluation, formal.
  - b) Agreement of the benefits of annual appraisals.
  - c) Agreement that it should be at the Board Convener's discretion as to what form the Appraisal takes.
  - d) The need to rename it from 'appraisal' to something less formal.
  - e) Agreement that the Audit & Risk Committee should make a recommendation to the Board that annual appraisals are carried out.
9. **The Audit & Risk Committee agreed to the recommendations set out in the Paper with the following addition:**
  - a) **The Audit & Risk Committee recommend to the Board that annual Board appraisals are carried out in June to August annually so that information on skills and development can be incorporated in the discussions on Committee Membership at the annual September Board meeting. It was agreed that it would be useful to set out clearly what the annual review covers so that both the Convener and the Board Member are able to prepare for the meeting.**

10. **Action:**

- i. **David Cameron draft a paragraph and run it past the Convener that will details the Audit & Risk Committee's recommendation around annual Board appraisals which would be sent to the Board Convener and the Board on behalf of the Audit & Risk Committee.**

**Internal Audit Review: Income Generation (Paper 2)**

- 11. Matt Swan presented the internal auditor's report on Income Generation. He highlighted the 3 low risks identified in the report.
- 12. Members discussed the following points:
  - a) The recommendation that requests that 3 individuals are to be involved in the processing of invoices, which members thought may be impossible or not efficient to achieve within a relatively small team. Matt advised that he would amend that paragraph so that the emphasis was on the processing of invoices to go through 3 processes of checking rather than 3 individuals.
  - b) The ways in which income could be generated at both national and local levels.
  - c) The need to take a fresh look at visitor giving schemes and getting businesses in the Cairngorms National Park bought in to the idea.
- 13. **Members agreed the recommendations as set out in the Paper.**
- 14. **Action:           None.**

**Internal Audit Review: Financial & Internal Controls (Paper 3)**

- 15. Matt Swan presented the internal auditor's report on Financial and Internal Controls.
- 16. The Audit & Risk Committee discussed the Paper and agreed that this type of process involving such a wide ranging review of control systems could have potentially given rise to a wide range of potential improvement recommendations in many organisations. Therefore the outcome was positive and formed a very credible report. Members agreed that it was also reassuring to see that the Finance Manager's own view of control strengths had been prudent, with the internal audit moderated scores increasing the staff self-assessment score. Matt confirmed that this was an unusual occurrence.
- 17. **Members considered the internal auditor's findings and endorsed the management responses to the recommendations for action raised by the internal auditor.**
- 18. **Actions:           None.**

**2015/ 16 Audit Plan (Paper 4)**

- 19. Kyle McAulay presented the external auditor's Annual Audit Plan for the audit of the 2015/16 accounts. He explained that the plan sets out the key challenges and risks faced by the Authority associated with this year-end audit review and the associated audit work that Audit Scotland proposes to undertake.

20. David Cameron advised that he was content with this Annual Audit Plan and the process that taken place leading up to this point. He drew the Committee's attention to the Financial Statements audit timetable on page 7 of the Annex and advised although the latest date for laying and publishing the annual report and accounts was scheduled as the 30 November 2016, it was hoped to progress them earlier than that. David added that he was pleased that Audit Scotland had been collaborating with and able to place reliance on the internal auditors' work.
21. Members noted David's points and discussed the following:
- a) It was good to see that the price from last year was not being increased this year.
  - b) The asset under construction at Corgarff mentioned as a risk area related to the scenic routes construction. Consideration on the appropriate accounting treatment of this work and expenditure was required as part of the accounts closure process. The closest parallel to date was the implementation of the National Park Entry Point Marker project.
  - c) The difference in ownership between the snow road construction asset and any assets created as part of the Tomintoul and Glenlivet Partnership project, in which all project leads owned and accounted for any assets created.
22. **The Audit & Risk Committee:**
- a) **Considered the external auditor's Annual Audit Plan for the audit of the Authority's 2015/16 accounts and wider reviews of operations.**
  - b) **Agreed Audit Scotland's Annual Audit Plan for 2015/16.**
  - c) **Agreed the external audit fee on behalf of the Board, as set out in the Plan, page 10, paragraphs 39 to 42.**

23. **Action:           None.**

### **Draft Governance Statement (Paper 5)**

24. David Cameron presented the draft Governance Statement for incorporation into the 2015/16 final accounts.
25. The Audit & Risk Committee requested that the reference to said Committee is written out in full to ensure consistency throughout the document.
26. **The Audit & Risk Committee endorsed the draft Governance Statement.**
27. **Action:**
- i. **Reference to the Audit & Risk Committee in the document to be written out in full.**

### **Strategic Risk Register Update (Paper 6)**

28. 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.
29. Members discussed the Paper and made the following points:
- a) In future it would be good to flag up the change or movement in the direction of the arrows from a glance. David agreed and advised that the scores could be removed so to leave room on the page for the direction of travel.

- b) The static risk rating of Risk Reference V2 – access infrastructure condition and maintenance - came as a surprise given the recent flooding and associated damage. David agreed and advised that he would add a comment to highlight that additional funding would be sought from the Scottish Government, while highlighting that overall, in terms of the total length of path available in the National Park, the lengths destroyed or damaged remained a very small proportion hence the decision not to change the risk rating.
  - c) Would it be appropriate to add a risk around the maintenance of paths in the National Park? David agreed that it was a gap in risk coverage and worthwhile recognising and agreed to take it back to Management Team to discuss.
30. **The Audit & Risk Committee considered the update presented on the Authority's Strategic Risk Register and requested that the following should be incorporated into the Strategic Risk Register:**
- a) **A comment to reflect discussions to be added to the Risk V2.**
  - b) **An additional risk around the maintenance of paths to be worked up.**
31. **Actions:**
- i. **David Cameron to make amendments to the Strategic Risk Register as detailed in paragraph 30.**
  - ii. **David Cameron to add the direction of travel of Risk's in future Strategic Risk Register's.**

### **Update on Outstanding Audit Recommendations (Paper 7)**

32. David Cameron presented an update of progress made by officers on recommendations made in previous internal audit reports. He advised that from Item 203 onwards on page 7 of the Annex relating to planning services, that all of those actions have been dealt with; with the exception of Item 206 on implementation of software improvements which is delayed and is expected to be dealt with by August 2016.
33. The Audit and Risk Committee queried the deadline date of Item 194. David advised that they had reinvigorated some of the carbon modelling and managing techniques and that the revised deadline date would be June 2016.
34. **The Audit & Risk Committee noted the progress made to date on previous internal audit recommendations as summarised in the paper.**
35. **Action:           None.**

### **Any Other Competent Business**

36. There were no items of competent business.

### **Date of Next Meeting**

37. 15 April 2016, Ballater.

Meeting closed 10.20

## **Audit Committee: Outstanding Actions**

Action	Status
The Corporate Performance paper	In Hand - complaints handling process will be laid before the Board at their June 2016 meeting
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)	Open – a Sustainable Procurement Bill is currently being progressed and this action is deferred pending its enactment. Expected June 2016 meeting.
Report on lessons learned from Speyside Way extension project and financial management arrangements (June 2015 meeting)	Open – Paper is currently being put together, expected June 2016 meeting
Present Business Continuity/ Disaster Recovery Plans to Committee once final drafting is complete. (August 2015 meeting)	Open – Scheduled for a Paper to be brought to June 2016 meeting

