

**MINUTES of MEETING of the
AUDIT COMMITTEE of
THE CAIRNGORMS NATIONAL PARK AUTHORITY**
**held at Community Hall, Boat of Garten
on 21 June 2013**

Present:

Angela Douglas
Brian Wood
Janette Gaul

Gordon Riddler (Chair)
Gregor Hutcheon

In Attendance:

Asif Haseeb, Audit Scotland
David Cameron, Corporate Services Director
Daniel Ralph, Interim Finance Manager
Brian Curran, KPMG

Apologies:

Grant Moir, Chief Executive

Welcome and Apologies

David Cameron reported above apologies.

Minutes of Previous Meetings

1. Minutes of the meeting of 26 April 2013 were approved, subject to noting that Gordon Riddler had in fact been absent from this meeting and Gregor Hutcheon had chaired the meeting. Also, there was a spelling error, "licences" in paragraph 16.
2. Members also noted that the technical term "amortised" used in paragraph 16, while technically correct, should be changed to "written down" in the interests of plain English.

Matters Arising

3. David Cameron highlighted that three actions remained open in relation to sustainable procurement policy, Best Value review and finalising the strategic risk register. All three were targeted for completion by September / October 2013.

Internal Audit Review: Partnership Working (Paper 1)

4. Brian Curran of KPMG introduced this report, setting out the findings of the scheduled internal audit review of the Authority's arrangements supporting partnership working arrangements. The report highlighted two low priority recommendations for potential improvements in the Authority's control systems around partnership working which had both been accepted by management.
5. Members welcomed the report and in discussion considered the potential merits of recommendation 2 around establishing specific partnership agreements with each partners. It was noted that while there was some potential for such written agreements to improve the control systems around managing partners' delivery of the National Park Partnership Plan (NPPP) there was some risk that such written agreements would be watered down so much and be made so general that there may actually be little benefit derived with greater perceived administration around the NPPP systems.
6. **Members endorsed the management responses.**
7. **Members noted the report, and welcomed the overall strength of the control systems in place within the Authority.**

Internal Audit Review: Visitor Experience (Paper 2)

8. Brian Curran introduced the report, setting out the findings of the scheduled internal audit review of the Authority's arrangements supporting delivery of objectives around the visitor experience within the National Park. The report highlighted one low priority recommendation for potential improvements in the current operations within or led by the Authority's. The management response indicated that recommended actions had actually already been implemented through documentation put in place by the Sustainable Tourism Forum rather than within the Sustainable Tourism Strategy document itself.
9. In discussion, members considered whether there was sufficient need to record the recommendation as a risk and improvement requirement given the work already in place covering the required actions. Overall, members agreed there was some merit in accepting the recommendation as a means of ensuring the actions were subsequently recorded in the revised Strategy as an appropriate point of time.
10. **Members endorsed the management response.**
11. **Members again welcomed the report and the associated strength of internal controls in this area of work.**

Internal Audit Annual Report 2012/13

12. Brian Curran presented the annual report from KPMG on their internal audit activities over the course of 2012/13 and their internal audit assessment of the Authority's internal control systems on the basis of their audit work.
13. Brian reminded members that as internal auditors, KPMG's role is to provide the Audit Committee, Board and Management with independent assurance as to the adequacy and effectiveness of the systems of internal control they review. The level of assurance provided by the internal auditor represents a key aspect supporting the

Governance Statement, included in the annual accounts and signed by the Chief Executive. The internal auditor's annual report therefore represents an important document for the Audit Committee's consideration of the Authority's annual accounts. The report will also inform the Committee's Annual Report to the Board.

14. Brian highlighted that on the basis of the work undertaken in the year, the internal auditors conclude that the outcome of reviews indicate that the Cairngorms National Park Authority's systems provide a reasonable basis for maintaining control and that the control framework provides reasonable assurance regarding the effective and efficient achievement of strategic objectives.
15. All planned internal audit work had now been concluded, with only 13 improvement actions recommended from a total of 6 audit reviews.
16. Members welcomed this report and noted that the overall internal audit assurance gave support to the statements included in the Governance Statement within the draft final accounts for 2012/13.

Any Other Competent Business

17. There were no other items of business considered.

Date of Next Meeting

18. 16 August, additional meeting to consider final accounts. 13 September, Tomintoul full scheduled meeting.

Confidential Session: Draft Accounts not yet Subject to Final Audit

19. Members agreed that the final item of business should be held in confidential session. This item relates to draft accounts for 2012/13 for which audit work had not yet been finalised and as such figures were subject to change. For this reason, papers will not be published while all final accounts and relevant external audit reports will be published and available for public inspection when work is completed.

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)	Open – in progress and scheduled for September 2013 meeting.
Present updated review of Best Value against current guidance to Committee for consideration. (September 2012 meeting)	Open – in progress and for submission to Management Team prior to submission to September 2013 Committee.
Review draft strategic risk register by management team before presenting to Audit Committee for formal adoption (April 2013 meeting)	Open– in progress and for submission to Management Team prior to submission to September 2013 Committee.

Confidential Session: Draft Accounts not yet Subject to Final Audit

20. David introduced the draft accounts for 2012/13, which had been submitted to Audit Scotland in early May in line with the agreed external audit timetable.
21. Audit fieldwork had also commenced on schedule and since that period all matters arising dealt with to the satisfaction of both management and audit with the exception of two matters: information on pensions values had not been received from the pension administrators; and the finance team had not yet been able to arrive at a final and full reconciliation of debtor balances due to the Authority in its role as lead partner for Cairngorms Local Action Group and associated LEADER funding.
22. Therefore, with those two matters outstanding, management are not in a position to present the accounts at this time for final sign off as originally intended.
23. Daniel Ralph reported that since the papers had been printed and circulated to the Committee, the outstanding pensions information had been received and a final LEADER debtor balance reconciliation completed. A further day of audit fieldwork to fully review the reconciliation had been arranged for 25 July and it was expected that the external auditor's report on the audit could be prepared soon after that date and accounts signed off through Committee in mid August.
24. Asif Haseeb for Audit Scotland welcomed the update that all information was now available and that the fieldwork date set should not provide the scope to resolve all outstanding issues.
25. In discussion, David and Daniel gave an explanation of the role of the Authority as the lead partner for the Cairngorms LEADER Local Action Group and the resulting accounting arrangements in place to manage this activity. In addition to trying to pick up workings from the previous Finance Manager, there had been added complexity for 2012/13 as a result in delays in LEADER grant processing by Scottish Government while a national programme and file review was underway.
26. Asif highlighted to members that the need for the additional fieldwork day would add costs to the audit that had not been budgeted. Asif drew members attention to the point made in David's covering paper suggesting that an additional £500 should be provided by the Authority to cover audit fees incurred in this additional work.
27. Members thanked all for the update on the status of final accounts work and were reassured by the updates from all that the accounts and external audit were near completion.
28. **Members agreed the forward action proposed for finalisation of the accounts, including delay until 16 August for formal presentation to the Committee. Members agreed the provision of an increase in audit fees budget by £500 to cover additional fieldwork to finalise review of the LEADER grant debtor reconciliation.**