

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

**held at Albert Hall, Ballater
on 21 August 2009, 9:00am**

Present:

Eric Baird
Lucy Grant
Ian Mackintosh

Sue Walker
Fiona Murdoch

In Attendance:

Jane Hope, Chief Executive
David Cameron, Head of Corporate Services
Alistair Highet, Finance Manager
Lisa MacDonald, Deloitte
Stephen O'Hagan, Audit Scotland

Apologies:

Minutes of Previous Meetings

1. Members noted that the date and location of the meeting were stated incorrectly on the minutes. Other than this, the minutes of the previous meeting were approved.

Matters Arising

2. There were no matters arising which were no covered elsewhere on the agenda.

Draft Annual Report (Paper I)

3. David Cameron presented the draft annual report which would be submitted to the Board in September following consideration by the Committee. David explained that the report covered a period of 19 months to bring the annual reporting cycle into line with the annual accounts closure.
4. Members discussed the manner in which internal audit recommendation priorities were determined. Lisa MacDonald explained that the priority was established on the basis of an assessment of the significance of the control weakness identified to the effective operation of the control system in question. Priority one areas when identified were felt to require escalation to Audit Committees and urgent attention. David highlighted that in practice, and to ensure openness and transparency, all

internal audit recommendations were presented to Committee as part of complete internal audit reports.

5. Members agreed that the explanation of recommendation priorities should be added into the Annual Report.
6. Members also agreed that the revised strategic risk register should be appended to the Annual Report to allow this to be reported to the Board.
7. **The Committee agreed the Annual Report subject to these two additions.**

Internal Audit Review: LEADER Processes (Paper 2)

8. Lisa MacDonald presented Deloitte's internal audit review of the Authority's LEADER grant and administration processes. This review had been undertaken at the request of the Head of Corporate Services, who had identified a requirement for an annual internal audit of LEADER processes as part of the Service Level Agreement (SLA) with Scottish Government.
9. The review finds that in 2 of 6 areas of control, arrangements in place accord with good practice. In 3 of the remaining 4 areas, adequate arrangements for financial control are in place while there is scope for improvement in certain matters. The final area of control, management of this new SLA, is assessed as offering scope for improvement. Five recommendations for action are highlighted (3 at priority 2 and 2 at priority 3). The internal auditor's overall conclusion was that the controls in place within this audit area offer scope for improvement.
10. Members discussed the report and findings, and in particular the first recommendation regarding the "assessment of project environmental sustainability". Members noted that the application form used was a national standard form, and as such the control weakness identified here did not arise from any design action by the Authority as the lead organisation for Cairngorms LEADER. The form has been modified locally to deal with this audit recommendation and Scottish Government will identify the central issue through their review of this internal audit as part of their SLA compliance check.
11. Members noted that the potentially most challenging recommendation, as regards potential resource investment requirement, is around the SLA requirement for information system security to be based on one of the internationally accepted standards. David Cameron indicated that Corporate Services staff were reviewing this recommendation and identifying potential courses of action.
12. **Members welcomed the report and endorsed the management responses.**

External Audit: Progress Report on the 2008/09 Audit (Paper 3)

[Lucy Grant joined the meeting at this point.]

13. Stephen O'Hagan introduced this report, highlighting that it was a draft which had not yet been sent to the Authority's management.
14. Audit Scotland have given an unqualified opinion on the Authority's 2008/09 financial statements. The Authority's Independent Auditor's Report was signed on 26 June

2009. The Annual Report is in draft form and will be circulated to management for comment.

15. **Members agreed that once the Annual Report was cleared by management they were content to consider and approve the report by correspondence rather than wait until the December meeting. This would allow Audit Scotland to publish the report on their website at the earliest opportunity.**
16. The report also highlighted that Audit Scotland will be commencing their preliminary planning work for the 2009/10 audit with a view to presenting a draft audit plan to Committee in December.
17. Stephen reported that Audit Scotland had published a national study on improving public sector purchasing.
18. Stephen highlighted that Audit Scotland were currently undertaking a national study on the role of Boards in the public sector, and that the Authority had been included in the list of organisations to be reviewed for this study. Members discussed the timing and potential duplication of this study, given that the Board had been reviewed last year as part of the Strategic Review of National Parks. Stephen indicated that he was aware of this and had communicated the point to his colleagues undertaking this national policy work. The rationale for the inclusion of the CNPA remained the size of the Board, to allow comparisons and contrasts to be made between the operations of Boards of varying sizes.
19. Stephen would inform his colleagues of concerns over duplication expressed by members.
20. David Cameron expressed thanks to the Authority's finance and communications teams and also to the Audit Scotland team, whose combined efforts had allowed improvement by a further month to the timetable for accounts sign off, with accounts signed on 26 June 2009 compared with 30 July 2008 and 29 August 2007 for the previous two years' accounts.
21. **Members thanked Stephen for the report and also expressed their thanks to all concerned for the ongoing improvement in financial accounts reporting.**

Internal Audit Activity Update

22. Lisa MacDonald reported that the grant claim work to support the Authority's final grant claim to Highlands and Islands Enterprise for the point of entry marker project funding had been completed and that funds had been paid.
23. The internal audit report on procurement was being finalised and would come to Committee in December.
24. Work was currently being undertaken to design the review of planning systems and this review would be undertaken over the autumn and early winter period. This work will not be completed in time to bring a report to December Committee.
25. **Members agreed that it would be acceptable to arrange an additional meeting to consider the planning review report if that avoided a long delay**

between finalising the report and the next scheduled meeting in spring 2010.

26. **Members thanked Lisa for the update.**

Standing Item: Update on Outstanding Audit Recommendations (Paper 4)

27. David Cameron introduced this item highlighting that recommendations where actions are completed and were subject to internal audit follow-up review in have now been removed from the schedule. David also indicated that the planning service recommendations, which had been generated through an internal Best Value review, were currently being dealt with through a review of systems by the newly appointed Planning Manager for Development Control.
28. Members noted that a few comments against recommendations appeared to be out of date. Members welcomed the report, highlighting that it did provide ongoing evidence to the Committee of awareness and attention to areas for improvement considered by the Committee.

Any Other Business

29. There were no other items of business for consideration.

Date of Next Meeting

30. 11 December 2009, 9:00am, CNPA Offices, Ballater.