

**MINUTES of MEETING of the  
AUDIT COMMITTEE of**

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held at Beaton Craigie Room, Albert Hall, Ballater  
on 22 June 2012**

**Present:**

Ian Mackintosh (Chair)  
Angela Douglas

Gordon Riddler  
Gregor Hutcheon

**In Attendance:**

Brian Curran, KPMG  
Asif Haseeb, Audit Scotland  
David Cameron, Corporate Services Director  
Alistair Hight, Finance Manager

**Apologies:**

Brian Wood, Committee member  
Jane Hope, Chief Executive

**Welcome and Apologies**

David Cameron reported above apologies.

**Minutes of Previous Meetings**

1. Angela Douglas noted that she had not been in attendance at the previous meeting and should have been recorded as having offered apologies rather than in attendance. Other than this, minutes of the meeting of 16 March 2012 were approved with no amendments.

**Matters Arising**

2. The current status of outstanding actions raised by the Committee, as recorded at the end of the minute of the previous meeting, were noted.

**Internal Audit Review: Financial Management Planning (Paper 1)**

3. Brian Curran introduced the results of KPMG's internal audit review of the Authority's Financial Management Planning systems and controls. Overall the audit had drawn out a number of areas of best practice in the Authority's systems in this area. Aspects of best practice included financial monitoring; alignment of strategic and financial plans; and in monitoring of strategic plans.

4. The report highlighted a total of 5 areas where some improvement in systems could be implemented. One of these findings was graded as of “high” priority and related to the delay in finalising the budget for 2012/13 and associated identification of efficiency savings plans.
5. Members discussed this point and noted that there was a need to delay finalisation of budgets for 2012/13 beyond the normal budget cycle pending the adoption of the National Park Partnership Plan and associated Corporate Plan. Alistair and David also confirmed that budgets had since been finalised, through consideration of the Corporate Plan at Board and more detailed consideration of budget at Finance Committee. The management response to this finding had therefore already been fully implemented.
6. Members also noted that explicit guidance on delivery of efficiency savings plans had yet to be established by Scottish Government. The target of a 3% saving had been set out in the Scottish Government budget papers. The Authority was therefore sighted on the efficiency target for the year.
7. **Following discussion with Brian Curran, members also noted the remaining recommendations for improvement actions, three of which were graded moderate and 1 graded low priority.**
8. **Management responses to these recommendations were agreed.**

#### **Internal Audit Review: Workforce Management (Paper 2)**

9. Brian Curran introduced this paper, setting out the outcome of the internal auditors’ findings following a review of workforce management arrangements and controls. The review covered the cascading of strategic goals through the organisation and into individual workplans through appraisal processes. The review had also covered the use of performance management processes to manage and retain talent; assessment of performance against targets; and the extent to which there was evidence of continuous improvement in staff performance.
10. Brian highlighted that again the report highlighted areas of best practice found within the organisation. There is a clear process for setting long-term strategic goals and identifying shorter-term goals within this context. The scale and simplicity of the appraisal processes were found to be fit for purpose. The incorporation of staff survey information into the development of organisational development plans was also found to be an aspect of best practice.
11. Members discussed six recommendations for improvement identified in the report. Four of these were graded as of moderate priority and two as low.
12. **Members noted the report and endorsed the management responses to the audit recommendations.**

#### **Internal Audit Review: Community Engagement and Stakeholder Satisfaction (Paper 3)**

13. Brian introduced this paper, which set out the findings of the final internal audit review undertaken against the 2011/12 internal audit plan. The review had sought to consider the extent to which activities on engaging with communities and stakeholders

were appropriately targeted at stakeholders; whether opportunities to work with stakeholders were being appropriately identified and utilised; and whether the reputational risk of the Authority was being effectively managed through engagement activity.

14. Brian highlighted that the review had again highlighted some areas of best practice in the work of the authority in these areas. The importance of engaging with stakeholders in developing projects supporting delivery of annual plans was recognised. The leadership and senior management of the Authority demonstrated a commitment to community and stakeholder engagement; and there is a clear culture of community engagement with community teams working closely with local community action and steering groups.
15. The internal audit report highlighted 6 areas for improvement in systems, with four of those graded as medium priority and two as low priority.
16. While members broadly accepted these recommendations and management responses made, discussion focused on the recommendation that media analysis should be included as a standing item at board meetings. Overall, members felt that such action was not appropriate and sufficient information on media activity was already presented to members amongst a wide range of other information. Members did agree with the spirit of the management response to this recommendation – that it remained appropriate to seek to incorporate media analysis information as an element of internal management information for officers. Members noted this work was underway through the Operational Management Group of Programme Managers.
17. Members also agreed that this recommendation needed to be revised to one where organisational managers required to review the objectives we are seeking from our media activity and draw up measures accordingly.
18. Brian Curran accepted these points and agreed to make appropriate changes to the internal auditors' report of recommendations made
19. **Members agreed the above changes to the risk register, subject to the changes agreed to findings and risk number 9 of the report.**

#### **Internal Audit Annual Report (Paper 4)**

20. Brian Curran presented the Internal Auditor's Annual Report for 2011/12. This report summarises the principal matters KPMG, as internal auditors, wish to bring to the attention of the Audit Committee following their first year of internal audit activity. The role of internal audit is to provide the Audit Committee, Board and management with independent assurance as to the adequacy and effectiveness of the systems of internal control within the Authority.
21. Brian highlighted the key point of the annual report – the overall assessment of the system of internal control. Based on KPMG's work over 2011/12, KPMG's report states that the 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.

22. **Members welcomed this report, and agreed the report as appropriate support for the Governance Statement as set out in the draft accounts for 2011/12.**

### **2011/12 Final Accounts (Paper 5)**

23. Alistair Hight presented the final accounts for 2011/12. Alistair drew members attention to note 13, page 34 of the accounts as providing the best brief summary of financial performance for the year – highlighting an excess of expenditure over income of £12,410 for 2011/12. As normal, the Authority has targeted a break even in the year and on a total turnover of £5.96 million this represents a variation from break even of only -0.2%.
24. Alistair reported a final adjustment on page 30 of the draft accounts presented, with staff project costs now correctly stated at £305,607 rather than the figure of £325,607 set out in the document circulated to Committee. This figure was a note to the accounts and the correction did not therefore require any consequential corrections elsewhere in the accounts.
25. Alistair and Asif Haseeb both noted with regard to disclosures in the accounts that the Authority had agreed to go to the full extent of disclosure reporting on Directors pay by giving a full remuneration disclosure. Asif highlighted that the Authority was therefore being very open and transparent in this regard.
26. Asif Haseeb went on to present Audit Scotland's report to those charges with governance on the 2011/12 audit. Asif confirmed Audit Scotland had issued an unqualified independent auditor's report and that all errors identified during the audit had been adjusted in full by officers.
27. Asif also highlighted that there had been no material weaknesses in accounting and control systems identified. A key controls report had been produced and David Cameron confirmed that this would be presented for information to the next meeting of the Committee.
28. Asif drew members attention to the only matter arising set out in his report was on the lack of disclosure of Directors remuneration in the draft accounts first received. As mentioned previously, the final accounts now presented to Committee resolved this issue and indeed made a very full disclosure of this information.
29. Asif thanked all officers involved for their support of the external audit process and commented that the team had welcomed the openness and support of officers in delivery of their audit work. David and Alistair also thanked Asif and the Audit Scotland team for a smooth audit process and for finding a slot in what was appreciated as a very hectic diary to complete the CNPA audit so timely.
30. **Members thanked Asif for his report and Alistair for presentation of the accounts. Members also expressed their thanks to all staff and the audit team for their work on the accounts preparation and closure.**
31. **Approved the final accounts for 2011/12 and confirmed it was appropriate for the accounts to be submitted to Audit Scotland for final certification.**

### **Any Other Competent Business**

32. The Chair noted that one item had been notified by David for consideration – the development of a Risk Management Workshop.
33. David indicated that, with members' agreement, he proposed that KPMG should bring forward draft arrangements for a risk management workshop to the next meeting. The intent was to have KPMG facilitate a workshop as part of the internal audit plan for the year, with a view to revising the risk register in light of the National Park Partnership Plan and Corporate Plan which had both now been completed.
34. In discussion, members confirmed that they would like to draw up a new risk register from first principles, rather than work on revising the current risk register. While it was accepted that a number of the current strategic risks may well reappear in a new register, members agreed it would help more open thinking around risks to start from a completely fresh point.
35. Members also agreed that the workshop opportunity could also be used to consider the format and reporting mechanisms to be adopted for the resultant risk register, in addition to identifying and agreeing the strategic risks that should appear in that register.

#### **Date of Next Meeting**

36. Committee meeting 14 September 2012, Boat of Garten Community Hall.

**Audit Committee: Outstanding Actions**

Action	Status
Submit Planning Development Management timetables / key performance indicators / statistics to Committee for review (Dec 2011 meeting)	Open – being incorporated into performance management systems, with first draft expected to be presented to Board in October 2012.
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 – planned for completion December 2012
Arrangement for strategic risk register workshop to be put in place over first half of 2012/13 (March 2012 meeting)	On agenda September meeting
Present Audit Scotland Key Controls Assessment report to Committee for information (June 2012 meeting)	On agenda September meeting