

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

**held at CNPA Offices, Ballater
on 23 March 2007**

Present:

Eric Baird
Nonie Coulthard

Bob Wilson
Sue Walker

In Attendance:

David Cameron, Head of Corporate Services
Stephen O'Hagan, Audit Scotland
Duncan Geddes, Deloitte
Martin Docherty, Deloitte
James Munro, Audit Scotland

Apologies:

Duncan Bryden, Jane Hope

Minutes of Previous Meeting

1. On paragraph 34 of the minute of 15 December, members agreed that "...local Authority elections in March" should be altered to "direct elections to the Board in March".
2. Other than this amendment, minutes of the previous meeting were agreed.

Matters Arising

3. David Cameron reported to the Committee that he had not lost sight of the action to report to the Board on Health and Safety matters, and in particular Board members' responsibilities for Health and Safety within the organisation. David planned to include Health and Safety matters in induction processes for new Board members in addition to reporting to the Board.

External Audit: 2006/07 Audit Plan (Paper 1)

4. In introducing the audit plan for the audit of the 2006/07 accounts, Stephen O'Hagan highlighted that the overall aim of the process was to complete the audit work in time to allow a report to be produced for the next meeting of the Committee in August. The overall timetable aimed to complete the exercise by the end of October, however he was flexible with that timetable should all elements be completed sooner than planned to allow for early publication. The key deadline set out was for the production of the ISA260 report by 10 August.
5. Stephen highlighted that the audit would consider the adequacy of internal controls and that his team would also seek to place reliance on internal audit work where possible.
6. The audit plan also set out the proposed total fee for the audit, of £10,100. David Cameron confirmed that this total fee was the same as for the 2005/06 audit. In discussion, all present agreed that it was vital to retain transparency in the process and in reporting results of the audit and hence ensure the full Board were able to input to the process.
7. **Members approved the 2006/07 external audit plan.**

Internal Audit Review: HR System (Paper 2)

8. Duncan Geddes reported to members that their review had found the Authority's Human Resource (HR) system to be a good one, and the internal auditors recognised that it was still relatively early days in the Authority's use of the system. The recommendations made – 1 at priority two and 2 at priority three – were therefore generally looking toward potential future development of the system rather than control issues for its existing uses.
9. Members discussed the recommendation on the potential use of the system to capture leave records, and the management response that this would be difficult to resource, while there was some doubts as to whether the additional resource investment would be warranted by consequent reductions in business risks or improvements in internal controls. Members highlighted their endorsement of the management response on this occasion, which was viewed as an appropriate, pragmatic response. Members agreed that it was not always appropriate to use software functionality just because it was there.
10. Duncan Geddes indicated that he entirely accepted this point and that the recommendation was more one for future consideration should procedures, staffing or systems change.
11. **The Committee noted the internal auditors' report and recommendations, and endorsed officers' proposed actions in response to the issues identified.**

Internal Audit Review: Financial Controls (Paper 3)

12. Duncan Geddes gave a brief introduction to the Deloitte report on the Authority's self-assessment of its financial control systems. The self assessment had been undertaken as part of the agreed internal audit programme. It had been considered an appropriate time to undertake the self-assessment, as the Authority had now been developing and implementing its financial control systems over a three year period. Specific internal audit reviews had been undertaken in that time, and the self-assessment now gave an overview of the officers' view of the status of these controls.
13. Duncan highlighted that he was broadly content with the appropriateness of the self-assessment, while the robustness of the assessment would be tested by future specific internal audit reviews. The results of the current self-assessment identified a generally adequate and effective control framework across the finance process. Where the assessment had identified any exceptions, the internal auditors were generally satisfied that there were adequate management explanations for the absence of current controls.
14. **The Committee noted the outcome of the Authority's self-assessment of its financial control systems.**

Internal Audit Review: 2007/08 Internal Audit Plan (Paper 4)

15. Duncan Geddes stated that the proposed internal audit plan for 2007/08 had made reference to the Authority's risk register, the results of the financial controls self-assessment, previous discussion with the Committee and discussions with the Head of Corporate Services.
16. David Cameron highlighted that the Committee at this point in the agenda were being asked to consider the proposed programme of internal audit activity which should be carried out over the coming year. This was independent of the supplier of the internal audit service, and members were being asked to consider the internal audit control as a separate item at the end of the meeting.
17. **The Committee approved the internal audit work programme for 2007/08.**

Office Greening Update: Greening Action Plan

18. David Cameron highlighted that work remained ongoing within the Authority's Greening Group on reducing the environmental impact of the organisation's operations. The focus remained on implementing improvements to transport and introducing more recycled paper products, while a prioritised longer-term action plan had been established and agreed by the group.
19. Members discussed the Committee's role in considering climate change, which had been referred to it by the Board. Members agreed that the work would require

additional meetings to be arranged, as existing Committee workload already fully used existing meeting time. Meetings to consider climate change work should be inclusive for staff and other Board members.

20. **The Committee agreed that specific plans should be considered at its next meeting.**

Standing Item: Strategic Risk Register (Paper 5)

21. Members considered the latest Strategic Risk Register, following review by Management Team in February. This review had added two risks, over the potential for changes in the Park boundary and potential impact of major “external” initiatives, such as Beaully-Denny inquiry on resources available to deliver agreed plans. The Management Team had also agreed that the likelihood of occurrence of a number of risks had now sufficiently diminished to warrant removing these risks from the register.
22. Members noted that the risk register should seek to be more explicit on the need to influence MSPs and Ministers, after the May elections.
23. Members agreed that it would be worthwhile to discuss induction plans for new Board members with some of the more recent Board appointments, in order to learn from their induction experience.
24. **Members noted the status of the Strategic Risk Register.**

Standing Item: Update on Internal Audit Recommendations and Balanced Scorecard (Paper 6)

25. David Cameron highlighted to Committee that the summary of recommendations made by internal audit now also includes a set of recommendations arising from an internal Best Value review of planning processes which he had undertaken. This review had been implemented following an external request for an account of the handling of a specific planning application. In response to questions on sight of the report by Committee members, David indicated that the planning application itself had not yet been determined and he had not, therefore, copied the report to members in order not to prejudice their interest when it came to determination by Planning Committee.
26. **Members noted progress made in implementing actions arising from previous internal audit recommendations.**
27. **Members noted the current status of balanced scorecard measures for governance and risk management, as at December 2006.**

AOCB

28. No other business was raised.

Date of Next Meeting

29. 24 August, 2:30pm, Kincaig Village Hall.

Motion to Move into Confidential Meeting Session

30. The Chair indicated there remained a further item on the agenda – consideration of the internal audit contract – which was suggested for consideration in a confidential meeting session as the item was suggested to be Commercial and In Confidence by the Head of Corporate Services. The Chair therefore suggested that the Committee moved into a confidential session of the meeting.
31. Members agreed to move into confidential session. Duncan Geddes and Martin Docherty of Deloitte left the room at this point. There were no members of the public present at this point.