

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held in Dee & Spey Meeting rooms, Cairngorms NPA,  
Grantown on Spey  
on 23 November 2018**

**Present:**

Dave Fallows (Convener)	Janet Hunter
John Latham	Judith Webb

**In Attendance:**

Claire Robertson, BDO  
Scott Peterson, BDO  
John Boyd, Grant Thornton via Video Conferencing Link  
Joanne Brown, Grant Thornton via Video Conferencing Link  
David Cameron, Director of Corporate Services  
Danie Ralph, Finance Manager  
Ian McLaren, Board Member

**Apologies:** Grant Moir, Chief Executive  
Alix Harkness, Clerk to the Board

**Welcome and Apologies**

1. The Convener welcomed everyone to the meeting and the apologies were noted.

**Minutes of Previous Meeting**

2. The draft minutes of the 31 August 2018 meeting were approved with no amendments.

**Declarations of interest**

3. There were no interests declared.

**Matters Arising**

4. David Cameron, Director of Corporate Services gave an update on the outstanding actions throughout and listed on page 1 of the 31 August 2018 Audit & Risk Committee Minutes:
  - a) Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up for autumn 2016 – **Open** – David Cameron reported that this would now take place early in 2019.
  - b) Full list of the audit recommendations in the Internal Audit Review Follow-up report to be collated and where management deem them no longer necessary

for explanations of this to be included – **Open** – Workload issues caused this not to be completed for this meeting. Will be brought to the next meeting.

### **Internal Audit Review: Business Performance Management (Paper 1)**

5. Scott Peterson, BDO presented a paper on the internal auditor's review on the Authority's Business Performance Management arrangements.
6. David Cameron advised that management had been pleased to see the report. He added that they were content with the recommendation and that it had already been acted on.
7. The Audit & Risk Committee made the following comments and observations:
  - a) Observation was made that collaborative working was a risk in itself as there was no control over the other agency's work. However, with appropriate performance indicators set to monitor joint delivery, and compliance with the Authority's objectives this risk can be mitigated.
  - b) Comment was made on the lack of trending information on work on a 3 year cycle. It was pointed out that part of the external audit work was on key performance processes, a more substantive approach and looked at controls and design of controls.
8. **The Audit & Risk Committee:**
  - a) **Considered the internal auditor's findings on the Authority's Business Performance Management arrangements;**
  - b) **Endorse the management responses to recommendations for action raised by the internal auditor.**
9. **Action:           None**

### **Internal Audit Review: LEADER Administration Processes (Paper 2)**

10. Scott Peterson, BDO presented a paper on the internal auditor's review of the Authority's arrangements and control systems for administration of the Cairngorms LEADER grant programme which the Authority administers on behalf of the Cairngorms Local Action Group Trust.
11. David Cameron advised that management had been pleased with the report, given the staff changes over the year and was happy with the report and to have only one low level recommendation. He added that they were content with the recommendation and that it had already been acted on.
12. The Audit & Risk Committee made the following comments and observations:
  - a) It was noted that it would be useful to have a bench mark with other LEADER Accountable Bodies' audit performance. David Cameron advised that he had asked for an overview from the central LEADER team – perhaps issuing collated reports – and to date these are not shared by Scottish Government. Informally, the team appears well placed compared to other bodies on basis of David's discussions with colleagues from other areas.

- b) Complexity – if more checks are added into template issued by SG this would mean form has 2 sign off sections. David Cameron advised that the local team had now split the technical assessment form in to 2 distinct phases to mitigate risk of one sign off section being missed.
- c) General summary was that LEADER has a sound system of controls.

**13. The Audit & Risk Committee:**

- a) **Considered the internal auditor’s findings on LEADER administration processes;**
- b) **Endorsed the management responses to recommendations for action raised by the internal auditor.**

**14. Action:           None.**

**Internal Audit Review: Partnership Management (Paper 3)**

- 15. Scott Peterson, BDO presented a paper on the internal auditor’s review of the Authority’s Partnership Management arrangements. He stated that very few bodies have a rating of substantial in their audit reports, and on this occasion is an indication of good working relationships and partnership structures between partners and Authority’s management.
- 16. David Cameron advised that management welcomed the report and accepted both low level recommendations, both of which are due to be implemented by 30 June 2019.
- 17. The long implementation date is appropriate for the first recommendation due to timetables for reporting on the National Park Plan. Implementation of the second recommendation was in progress – implementation of a Customer Relationship Management System (CMR) – and will possibly be implemented ahead of the target date.
- 18. In discussion the Audit & Risk Committee made the following points:
  - a) The importance of feedback was noted and how it was evidenced. It was also questioned whether “low” was the right rating for this audit recommendation. It was explained that as feedback allowed the Park to open up dialogue on non-performance with partners so the rating was appropriate and management were comfortable with both the rating and recommendation.
  - b) A question was asked on what a CMR system was. It was explained that it was a piece of software that allowed a way of gathering contacts across the Authority in one consolidated system in a “who, why, when, outcome” on communications with key contacts. BDO pointed out the GDPR elements and David Cameron confirmed that this had been included in the design and implementation
  - c) A general point was raised on residual risk and how internal audit work feeds back into the risk register. BDO explained that it should begin and end with the risk register. David Cameron explained that in operating the risk register we recognised internal audit activity in review of risk ratings, escalating risk when reviews indicated that remedial work was required and reducing risk rating when audit reviews confirmed strong control systems were in place. The point was made that we need a direct link between the follow up review and the risk register.

19. **The Audit & Risk Committee:**
- a) **Considered the internal auditor's findings on the Authority's Business Performance Management arrangements;**
  - b) **Endorsed the management responses to recommendations for action raised by the internal auditor.**
20. **Actions:           None**

#### **Internal Audit Review: Resource Planning (Paper 4)**

21. Scott Peterson presented a Paper which presents the internal auditor's review on the Authority's Resource Planning Arrangements. The report graded both the design and implementations for resource planning as moderate. Scott contextualised the report that generally it was very difficult to achieve a substantial level of assurance in this area.
22. David Cameron advised that management have accepted the report and the low level recommendations, both of which are due to be implemented by 30 June 2019
23. In discussion the Audit & Risk Committee made the following observation:
- a) The Convener pointed out that resource planning was very difficult. As a NDPB there is a clear legislative requirement on recruitment, succession planning, youth engagement strategy (apprentices), no compulsory redundancies, a priority to be a responsible employer & find suitable employment within organisation.
  - b) Agreement that they were content with the management response statement, identifying critical roles such as finance.
24. **The Audit & Risk Committee:**
- a) **Considered the internal auditor's findings on the Authority's Resource Planning arrangements;**
  - b) **Endorsed the management responses to recommendations for action raised by the internal auditor.**
25. **Actions:           None.**

#### **Discussion: Audit & Risk Committee Annual report: (Paper 5)**

26. David Cameron presented a draft audit and Risk Committee Annual report to the Board. David advised that the paper had been prepared on the same basis as previous such reports.
27. In discussion the Audit & Risk Committee made the following observations:
- a) The Convener questioned what kind of organisation receives only high level audit recommendations. David Cameron replied that high level risks usually meant high strategic risks whereas low ones tend to be operational issues. Hence some organisations elected to only report the high level strategic operations to their Audit Committee. As explained in the draft at para 12 in line with the Authority's value of transparency all the internal auditor's

recommendations are disclosed to the Committee. Scott Peterson confirmed this practice within some organisations.

- b) Members noted that it was standard practice to have a meeting between members and auditors with no staff present and BDO confirmed they were willing as with all their clients to participate in a separate meeting with the Audit and Risk committee to discuss any issues, and give any briefings they felt appropriate.

**28. The Audit & Risk Committee approved the draft Audit and Risk Committee Annual report.**

**29. Action: None.**

### **Complaints Log (Paper 7)**

30. David Cameron presented a Paper which presents information on 2 complaints and their nature since the last update to the Committee in August 2018. He explained that the first one was responded to and closed within 20 working days of escalation to investigation stage. Also, a planning consent complaint (cover 4 complaints), dating from 2017, had been escalated to the Scottish Public Services Ombudsman (SPSO). David Cameron would report back to the committee when resolved.

**31. The Audit & Risk Committee noted the information on complaints made to the Authority.**

**32. Action:**

- i. **David Cameron would report back to the Committee when resolved.**

### **Any Other Competent Business**

33. David Cameron indicated that the 2019 external audit plan would be presented at the next meeting.

### **Date of Next Meeting**

34. 8 March 2019, CNPA HQ, Grantown on Spey.

35. Meeting closed 10.20 hours

### **Audit & Risk Committee: Outstanding Actions**

<b>Action</b>	<b>Status</b>
Audit and Risk Committee member training	Open - to take place early in 2019
Audit and Risk Committee induction pack	Open - To be brought to the next Audit & Risk Committee meeting on 8 March 2019.
Risk mitigation action for LEADER Accountable Body role-letter to Scottish Government as outlined in paper to Committee 31 August 2018	Open – letter to go before end of year.

