

CAIRNGORMS NATIONAL PARK AUTHORITY

Minutes of the Meeting of the Audit Committee

Held at Ben Mhor Hotel, Grantown-on-Spey
On Thursday 24 March 2005, 9.00 am

Present

Eric Baird (Chair)	Sheena Slimon
Duncan Bryden	Bob Wilson
Sally Dowden	

In Attendance

David Cameron	Andy Rinning
Stuart Sands, Deloitte	

Apologies

Jane Hope

Welcome

1. The Chair welcomed everyone to the meeting and noted apologies as set out above.

Minutes of the Previous Meeting

2. The minutes of the meeting of 17 December were approved.
3. It was noted with regard to point 13 that guidance had been circulated to all Board members on the operation of the Freedom of Information Act.
4. Actions arising at points 17 (risk management strategy), 26 (Guardian Social, Ethical and Environmental Audit) and 27 (green audit) were all covered by items on the current agenda.

Internal Audit Reviews of Fixed Assets and Payroll (Paper 1)

5. Stuart Sands of Deloitte introduced his internal audit reports following reviews undertaken on fixed assets and payroll. The conclusions of the internal auditors reviews were that adequate controls were in place for the payroll system, while significant weaknesses were identified in the fixed asset systems which could become increasingly problematic with future expansion of the Authority. One priority one issue was identified for action on payroll systems, while two priority one recommendations had been made for fixed assets.
6. David Cameron indicated that a number of points of response had been made to the internal auditors on the recommendations made, including questioning the

appropriateness of a number of the recommendations for action. Those points would be followed up with Deloitte prior to finalising the reports. However, it had been considered worthwhile to present the draft reports to the Committee in order to allow early consideration of the issues raised and provide a view of the work being undertaken by the internal auditors.

7. Overall, however, David Cameron indicated that he accepted the general thrust of the findings of the reviews. He felt that the number and relative importance of findings reflected the current stage of development of the Authority and its internal processes. Many systems had been inherited from the previous Cairngorms Partnership and required review to reflect the changing scale of operations and funding environment.
8. In response to a request for clarification of the priority classification of recommendations made, it was clarified that Deloitte used a three point classification system for recommendations made. Those classed as priority one are deemed to be major issues that the internal auditors consider need to be brought to the attention of management and the Audit Committee.
9. It was also clarified that the 78 people on the Authority's payroll included both members of staff and Board.
10. Members queried whether the internal auditors might supplement their reports with documented system notes which may be developed into fuller financial procedures as a means of adding additional value to the organisation from their work. Stuart Sands agreed to look into this, and indicated it should be possible to develop these from system notes held on the audit files.

Strategic Risk Register and Risk Management Strategy (Paper 2)

11. Sally Dowden arrived at the meeting at this point.
12. David Cameron introduced his paper, which set out a proposed risk management strategy and associated risk management processes. This followed from the identification of 77 strategic risks which could impact on the delivery of the organisation's strategic objectives, and assessment of each of these on their likelihood of occurrence and impact were they to occur.
13. In discussions, it was noted that the risk management strategy was intended to set the organisation's appetite to accept or manage risks around the delivery of its objectives. Not all risks identified need to be actively managed with action taken to address them. Other options were to accept the existence of risks or to monitor them to ensure their likelihood or impact did not increase. Risks would be reviewed embedded in corporate and operational plans and reviewed annually.
14. Members noted that as an enabling organisation, key risks would appear to be around the lack of public clarity about the Authority and its objectives. It was agreed that to an extent this area related to the top two risks identified within the register – the lack of clarity on priorities and lack of public understanding of the CNPA's objectives.

15. Members agreed that it may be useful to consider the management of these two risks as a case study to illustrate the operation of the risk management strategy at a future meeting, towards the end of the year.
16. **The Committee approved the Strategic Risk Register.**
17. **The Committee approved the proposed Risk Management Strategy.**

General Environmental Review (Paper 3)

18. Andy Rinning introduced the paper setting out the results of the environmental review commissioned to consider the Authority's premises and operations. He indicated that a group of officers would be formed to take forward environmental improvements within the organisation, and this action had been established in the operational plan for the coming year.
19. Members noted the report.

Guardian Social, Ethical and Environmental Audit 2004 (Discussion)

20. Members considered the Guardian's Social, Ethical and Environmental Audit for 2004 previously distributed to them, and the wider question of whether the Audit Committee might undertake a broader role in the review of the Authority's activities and its impact.
21. In discussion, members noted that it would be valuable to look at whether the Authority was delivering what it had been set up to do. It was recognised that to a degree this was part of reviewing corporate and operational plan delivery, but suggested that sample testing of the effect of some individual projects would complement review of broader plan delivery.
22. There was also some concern expressed by members that the Committee still needed to ensure that the fundamentals were put in place as the organisation developed, before broadening the Committee's areas of interest.
23. Members discussed the level of input which might be given by internal auditors and it was agreed that these issues could be considered further at a future meeting when the proposed future work schedule and prioritised areas for review was put forward for the Committee's consideration.

Date of Next Meeting

24. Friday 26 August at 9:00am, Ballater.