

MINUTES of MEETING of the AUDIT COMMITTEE of

THE CAIRNGORMS NATIONAL PARK AUTHORITY

held at Duke of Gordon Hotel, Kingussie
on 24 June 2011

Present:

Ian Mackintosh (Chair)
Angela Douglas

Brian Wood
Gordon Riddler

In Attendance:

David Cameron, Corporate Services Director
Alistair Hight, Finance Manager
Elaine Barrowman, Audit Scotland

Apologies:

Jane Hope, Chief Executive
Gregor Hutcheon
Martin Doherty, Deloitte

Minutes of Previous Meetings

1. Minutes of the previous meeting of 18 March 2011 were agreed without amendment.

Matters Arising

2. The Chair noted with some disappointment that there were no representatives from the previous internal audit firm present, given that a number of reports from them were on the agenda. David Cameron highlighted that the internal audit contract with Deloitte had come to an end on 31 March. David agreed it was unfortunate that there was not a representative at the meeting. He indicated that he had discussed the reports fully with the internal auditors and would seek to highlight the major aspects to the Committee.
3. There were no matters arising that would not be covered elsewhere on the agenda.
4. David Cameron declared an interest as a Director of the Cairngorms Outdoor Access Trust (COAT) in respect to the relevant item on the agenda.

Internal Audit Review: Financial Controls (Paper 1)

5. The review of financial controls had been undertaken as part of the agreed internal audit plan for the year. Internal audit has identified four areas for control

improvements. Two recommendations have been graded as of medium priority and two as low priority.

6. David highlighted that management responses accepting all four recommendations for improvement along with timetables for implementation of changes have been given.
7. In discussion, the Committee welcomed the relatively small number of low level recommendations following this review of the Authority's financial control systems.
8. **Members thanked management and staff for their work in these areas and endorsed the management responses set out in the paper.**

Internal Audit Review: Project Management – COAT Funding (Paper 2)

9. David Cameron highlighted to members that each year an amount of internal audit resource was allocated to a review of the effectiveness of key project management and delivery. Projects agreed within the Authority's Operational Plans represent a key mechanism through which the Authority's Corporate Plan priorities and wider National Park Plan outcomes are delivered. The Audit Committee previously therefore agreed that it is appropriate for an element of the internal audit resource available to be directed toward consideration of the effectiveness of the design, implementation and management of projects by the Authority in delivery of these objectives. This year, the relationship with Cairngorms Outdoor Access Trust (COAT) had been selected for review as a high profile project which accounted for significant sums of the Authority's available Operational Plan funds.
10. David highlighted that a single, medium priority recommendation had been raised by internal audit. This focused on the formalisation of correspondence on progress made in project delivery between COAT and the Authority.
11. In discussion, members recognised that there was a significant amount of ongoing dialogue between COAT and the Authority's officers, and it would therefore be beneficial to ensure key points of these discussions were fully documented for future reference.
12. **Members welcomed the review and endorsed the management responses set out in the paper.**

Internal Audit: Annual Report 2010/11 (Paper 3)

13. David Cameron explained that as internal auditors, Deloitte's role is to provide the Audit Committee, Board and Management with independent assurance as to the adequacy and effectiveness of the systems of internal control they review. The level of assurance provided by the internal auditor represents a key aspect supporting the Statement of Internal Control, included in the annual accounts. The internal auditor's annual report therefore represents an important document for the Audit Committee's consideration of the Authority's annual accounts. The report will also inform the Committee's Annual Report to the Board.
14. David highlighted that the report sets out, on the basis of the work undertaken in the year, the internal auditors conclude that the outcome of reviews indicate that the Cairngorms National Park Authority generally has an adequate framework of control.

This supports statements set out in the Statement on Internal Control considered later on this agenda and also in the annual accounts.

15. Members reviewed the content of the annual report and welcomed in particular that once again there had been no very high or high priority recommendations warranted from the five reviews undertaken over the course of the year. Members also noted that, overall, there were relatively few minor recommendations for improvement made by the auditors – with 14 total recommendations highlighted over the course of delivering the internal audit plan.
16. **Members agreed the report as an appropriate support for the Statement of Internal Control set out in the draft accounts for 2010/11.**

Statement on Internal Control (Paper 4)

17. David presented the draft Statement on Internal Control, highlighting that members had previously had a draft of the statement circulated to them and had been able to comment on it prior to its formal presentation to the Committee meeting.
18. **Members agreed the statement for inclusion in the final accounts and highlighted that it, on the basis of the Committee's activity over the course of the year, set out a reasonable representation of the Authority's internal control framework and approach to risk management.**

Audit Scotland: Report to those Charged with Governance on the 2010/11 Audit (Paper 5)

19. Elaine Barrowman of Audit Scotland presented this report to the Committee.
20. Elaine highlighted that the report was delivered in line with International Standards on Auditing, requiring auditors to report certain matters arising from the audit to those in the audited body charged with governance, in sufficient time to allow for appropriate action to be taken.
21. Elaine highlighted that work on financial statements review was now complete. Elaine was now in a position to issue an unqualified audit report.
22. Elaine highlighted that the report to members was effectively a clear report. Other than a few very minor presentational and text alterations, there were no unadjusted misstatements to be brought to members' attention. No material weaknesses in accounting and internal control arrangements were identified over the course of the audit. Nor were there any other issues that required to be brought to members' attention regarding accounting policies, estimates made or judgements relied on in the preparation of the accounts.
23. **Members thanked Elaine for the report and for her presentation to the Committee. Members noted the report.**

2010/11 Final Accounts (Paper 6)

24. Alistair Hight presented the final accounts to the Committee.

25. Alistair highlighted the Audit Committee's role and responsibilities as regards the final accounts process, set out in the Scottish Public Finance Manual. The Audit Committee is put in place to provide assurance on risk management, governance and internal control and to act as a source of independent advice on these matters to the Accountable Officer and Board. The Committee's role as regards the accounts is to support the Accountable Officer with regard to their personal responsibilities for issues of risk, control and governance through a process of constructive challenge.
26. Alistair requested the Committee to consider these accounts in light of information just presented by Elaine Barrowman on the findings of the audit.
27. David Cameron also highlighted that, as Accountable Officer, the Chief Executive had reviewed all documents relating to the accounts and external audit. The Chief Executive had signed the accounts on the basis of the draft reports from external and internal audit, and issued a letter delegating responsibility for issuing the signed accounts to David, subject to considering the views of the Audit Committee.
28. **Following discussion of a number of specific items of income and expenditure elements presented in the accounts, the Committee approved the final accounts.**

Any Other Business

29. David Cameron noted that there had been some indication previously on the wish to review the current status of the strategic risk register. David proposed that as there were likely to be relatively few agenda items for the next meeting that the strategic risk register formed a main item of business for that meeting in September. Members agreed this proposal.
30. David also highlighted to members an email circulated previously proposing that a joint Audit Committee training session be help by KPMG for members of both National Parks' Audit Committees. Members agreed 3 October as their preferred date.

Date of Next Meeting

31. Next scheduled meeting 2 September 2011.