

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at the Cairngorms NPA Offices, Grantown-on-Spey
on 6 December 2019**

Present:

Judith Webb (Chair)
Peter Argyle
Pippa Hadley

Janet Hunter
Gaener Rodger (Vice Chair)

In Attendance:

Tony Barrie, BDO
John Boyd, Grant Thornton via Telephone Link
Grant Moir, Chief Executive
David Cameron, Corporate Services Director
Danie Ralph, Finance Manager
Alix Harkness, Clerk to Board

Apologies: John Latham

Welcome and Apologies

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

Minutes of Previous Meeting

2. The draft minutes of the 6 September 2019 meeting were approved with no amendments.
3. The draft confidential minutes of the 6 September 2019 meeting were approved with no amendments.

Matters Arising

4. David Cameron, Director of Corporate Services reported that movement on the outstanding actions listed at the end of the 6 September 2019 Audit & Risk Committee Minutes were:
 - a) Audit & Risk Committee training, – Closed – Took place on 14th November 2019 in Braemar and was attended by nine Board Members.
 - b) Committee specific induction pack – Open – will come in due course now training has taken place.
 - c) LEADER Accountable Body – Open - now that the LEADER Programme was fully committed this action could be progressed.
5. The Chair thanked the Director of Corporate Services and BDO for having organised the training, she welcomed the element on risk appetite and reported it had been useful to have other Board Members attend too. Director of Corporate Services

thanked the Chair for the positive feedback and advised that he would incorporate the drafting of paper outlining the Committee's risk appetite as an outstanding action arising from the training day and bring this to the Committee before submitting it to the Board.

6. The Chair suggested since Tony Barrie, BDO and Peter Argyle had not yet arrived, that Papers 3 and 4 would be taken first. This was agreed by everyone present.

Criteria for Assessing Private Finance Proposals (Paper 3)

7. David Cameron presented the criteria which may be adopted by the Authority for entering into any form of commercial partnership, private financing arrangement or sponsorship with a private company.
8. In discussion the Audit & Risk Committee made the following observations and comments:
 - a) Comment made that the criteria are good, suggestion made to have the Authority's vision and value clear on the corporate website to inform potential partners who the Authority are. The Chair added that if clarity was provided on the front facing information it should minimise the misinterpretation of what people think the National Park are doing.
 - b) Comment made that they had found some of the wording difficult to understand which could make it off putting. Grant Moir, CEO clarified that he did not envisage publishing this, it would be used internally to measure potential offers against the criteria set out within it.

Peter Argyle arrived at this point.

- c) Comment made that the criteria are difficult to understand. Director of Corporate Services advised that there was some expectation that some partners may achieve some criteria but not all, trying to highlight that we want such partnerships to move our organisation into a better place while also encouraging partner organisations to develop their own values and ethos of social commitment. The CEO reiterated that the purpose of the criteria was to help the Authority make a judgement on whether or not they'd be comfortable accepting an offer and not as a scoring sheet. Director of Corporate Services agreed to set out rationale for each criteria which would hopefully help explain each of the criterion and establish the reason for it being used in the assessment.
- d) Suggestion made to refine criteria one to ensure it is referring to the National Park and not the organisation. CEO agreed to review the wording of criteria one.
- e) Comment made that it was vital to make it easy to understand in case of change of staff. This was noted.

Tony Barrie arrived at this point.

- f) Comment made that the criteria portrays the CNP as a well marketed deal which would encourage offers. CEO agreed and advised that woodland creation falls in both corporate responsibility and private finance and that private companies would soon be eager to demonstrate how they are meeting the climate change targets. Director of Corporate Services added that the criteria describes the approach of developing healthy partnerships and ensures that the sponsoring company fits with the overall ethos of the CNPA.
- g) Suggestion made to add a paragraph to explain the thinking behind each criteria.

- h) John Boyd, Grant Thornton praised the timing of the paper and commented that it was ideal to have the principals laid out. Suggestion made to articulate that the criteria is in place on the corporate website, very high level even if not sharing the detail of it. He advised that it was vital to ensure the Authority have the processes in place to handle this, the capacity to process funds and to ensure partners are honouring their side of the agreement and monitoring that they doing what they said they would.
- i) The Chair thanked Director of Corporate Services for the paper. She asked once it had been tweaked for internal use how would it be practically used? CEO explained that any proposals of a sizeable nature would be brought before the Board however warned that some potential partners would not operate to public body timescales therefore some decisions may need to be taken out with the quarterly board meeting schedules.
- j) Could a different word be found for 'sponsor'? CEO advised that they were calling it private finance.
- k) Had some thought gone into how it would be marketed, to encourage private companies to invest in a different direction? Director of Corporate Services confirmed this was a valid point and the importance of choosing the correct language to describe how we might market ourselves as a potential partner and get it on point from the inception. He added that the process of marketing was to an extent different from the process of assessing proposed partnerships therefore the language currently used in the paper was more focused on establishing the fit of a proposal with the Authority's ethos and values than around wider marketing of the Cairngorms NPA as a potential private finance partner. CEO added that peatland restoration and woodland expansion were currently the only two strands potential investors were interested in. Director of Corporate Services advised that they were trying to devise generic criteria that could suit a wide number of proposals.
- l) Comment made that the first paragraph of the cover paper sets out the intention well.
- m) The Chair asked about the likely timescales, would a revised paper be taken to this Committee in advance of the Board? Director of Corporate Services confirmed that when the Audit & Risk Committee were broadly content with it, it would be taken to the Board. He agreed to try to tweak the paper and circulate it electronically to the Committee before the 20th December 2019 in order to not miss any opportunities coming forward.

9. The Audit & Risk Committee:

- a) **Considered the ideas and suggestions set out in the paper and advised that the overall direction seemed appropriate for the development of a formal process for preliminary evaluation of potential commercial partnerships by the Authority.**

10. Action Points Arising:

- i. **Careful consideration and thought on how to market the potential investment opportunities and how to communicate it on our corporate website.**
- ii. **Director of Corporate Services agreed to set out rationale for each criteria and tweak the criteria as per the Audit & Risk Committee's**

comments and circulate it electronically if possible by the 20th
December 2019.

Scottish Information Commissioner Decision on Handling of Information Request (Paper 4)

11. David Cameron presented a review of the Authority's handling of an information request which has led to the Scottish Information Commissioner to issue a decision that the Authority had 'partially breached' Environmental Information Regulations. While the Commissioner's decision was that no further action was required by the Authority it was felt that it would be appropriate to consider the Authority's processes and lessons learned during this process.
12. In discussion the Audit & Risk Committee made the following observations:
 - a) Comment made that this was a perfect example of how important language was and to interpret such language. Praise for the mitigation measures put in place and surprise that this kind of misunderstanding leading to such a decision had not happened before now. CEO advised that the information request had been complied with before the Scottish Information Commissioner (SIC) had been informed and that this was therefore taken as a partial compliance point by the SIC.
 - b) A member asked whether there was one staff member who received all the Freedom of Information Requests (FOI) and Environmental Information Requests (EIR)? Director of Corporate Services advised that there was, it was the office manager post however this post had been vacant for some time but had recently been filled. He added that he has oversight of any FOI's and EIR's that are appealed against.
 - c) There was a discussion on whether it would be useful for the Audit & Risk Committee to be sighted with a list of FOI's and EIR's at each Committee meeting, similar to the standing Complaints paper. It was agreed to continue with the exception reporting.

13. The Audit & Risk Committee considered the information.

14. Action Point Arising: None.

Internal Audit Review: Payroll Administration Review (Paper 1)

15. Tony Barrie, BDO presented a Paper which presents the internal auditor's report on Payroll Administration Review. He advised that there was one medium risk action whereby the Payroll Officer was to be removed from having Human Resources Snowdrop access as this had been identified as a potential control risk. Director of Corporate Services confirmed that he was happy to sign off this action.
16. Finance Manager and Director of Corporate Services made the following points:
 - a) An exception reporting review is carried out but not documented, the need to formalise this process was identified and would be rectified going forward.
 - b) The Authority were looking into software that may help to generate items as a matter of course.

- c) Proposing to dovetail the timesheet review with the expenses claim as a result of the helpful observations regarding these.

17. The Audit & Risk Committee made the following observations and comments:

- a) Clarification sought as to why there would be a delay (March 2020) in implementing the all staff with access to payroll signing a confidentiality agreement. Director of Corporate Services advised that they had to allow a consultation period with staff as it would involve a contractual change for them.
- b) The Chair asked Tony Barrie to confirm that there were no major issues and only fine tuning was required. Tony Barrie confirmed that all the recommendations were to support fine tuning of processes in accordance with best practise.

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

- a) **Considered the internal auditor's findings.**
- b) **Endorsed management responses to recommended actions.**

19. **Action Point Arising: None.**

Internal Audit Review: Expense Claims Process Review (Paper 2)

20. Tony Barrie, BDO presented the internal auditors' Expenses Claims Process Review.

21. In discussion the Audit & Risk Committee made the following observations and comments:

- a) The Chair commented with regard to travel bookings that we needed to be wary of a system where using a third party provider who does not understand practical options or constraints and may lead to more expensive arrangements when cheaper more user friendly solutions can be found. Director Corporate Services provided assurance that the systems in place are pragmatic.

CEO left the room at this point.

- b) A member compared the Authority's system with Europarc where they have a maximum allowance of 300euros, did the Authority have something similar? Director of Corporate Services advised that there were revisions to travel and subsistence allowances and a paper was being brought before the Staff Consultative Forum on Monday 9th December 2019 and then before the Staffing & Recruitment Committee on 13th December 2019. He advised that rather than have a maximum threshold, anything that requires a flight would need Director sign-off. Policy revisions also highlighted the need to accept that costs may be greater as a result of using trains more often in a bid towards net zero carbon emissions.

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

- a) **Considered the internal auditor's findings.**
- b) **Endorsed the management responses to recommended actions.**

23. **Action Point Arising: None.**

2019/20 External Audit Plan (Paper 5)

24. John Boyd, Grant Thornton presented the external auditors Annual Audit Plan for the audit of the 2019/20 accounts. John highlighted that the fees for 2019/20 audits were yet to be set by Audit Scotland and therefore a fee was not proposed at this stage. Fees would be picked up separately with senior management and the committee as appropriate.
25. Director of Corporate Services advised the ambition was to bring the timeframe forward as a result of last year's protracted closure process, so that the questions associated with the closure of the accounts could be condensed into two weeks thus focussing all concerned time on the external accounts.
26. **The Audit and Risk Committee:**
 - a) **Considered the external auditor's Annual Audit Plan for the audit of the Authority's 2019/20 accounts and wider reviews of operations.**
 - b) **Agreed Grant Thornton's Annual Audit Plan for 2019/20 with fees for the audit yet to be considered.**
27. **Action Point Arising: None.**

Complaints Handling (Paper 6)

28. CEO returned to the meeting.
29. Director of Corporate Services presented an update on the Authority's complaints handling since the Committee's last meeting in September 2019.
30. In discussion the Audit and Risk Committee made the following point:
 - a) Complaints surrounding the Office's Wildlife garden, had these been combined as one? CEO advised that there had only been one formal complaint direct to the organisation. Director of Corporate Services added that negative feedback is not necessarily a complaint, with the complaints register only recording those instances of communications which were deemed complaints.
31. **The Audit & Risk Committee noted the update.**
32. **Action Point Arising: None.**

AOB

33. No items presented.

Date of Next Meeting

34. 6 March 2020, Cairngorms NPA Offices, Grantown-on-Spey (this date subsequently amended to 27 March).
35. Meeting closed 10.40 hours

Audit & Risk Committee: Outstanding Actions

Action	Status
Audit and Risk Committee induction pack	Open
Risk mitigation for LEADER Accountable Body role	Open
Private Finance Process and criteria for accepting proposals	Open
Paper on risk appetite for discussion by Committee	Open