

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at The Cairngorms National Park Authority Board Room,
Grantown-on-Spey
on 28 August 2015**

Present:

Gordon Riddler (Convener)	Dave Fallows
Jeanette Gaul	Fiona Murdoch

In Attendance:

Kevin Boyle, Audit Scotland
Matt Swann, KPMG
Grant Moir, Chief Executive
David Cameron, Corporate Services Director
Murray Ferguson, Director of Planning & Rural Development
Alix Harkness, Clerk to the Board
Eleanor Mackintosh, CNPA Board Member

Apologies: Gregor Hutcheon

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 26 June 2015 meeting were approved subject to the following amendments:
 - At Para 2: Brian Woods to be amended to read Wood

Matters Arising

3. David Cameron reported that movement on the outstanding actions listed at the bottom of the 27 March 2015 Audit Committee Minutes are:
 - a) Sustainable Procurement Policy: a meeting is scheduled to take place with legal advisors next month with the view of having the procurement regulations in place by the end of this calendar year.
 - b) Lessons learned from the Speyside Way: David Cameron and Pete Crane took the action points to the Operational Management Group who are looking at the standard templates and existing grant award letters. It is planned to bring an update back to Audit Committee in due course.

2014/15 Final Accounts (Paper 1)

4. David Cameron introduced the Paper which presents and seeks approval to the final accounts for 2014/15 prior to their being submitted to Audit Scotland for final certification. He made the following key points:
 - The final position arrived at is explained in the narrative on page 2 of the annual accounts. It shows that the Grant in Aid budget was utilised in full. The reconciliation of net outgoing resources showing a net expenditure position of £124,000 as a consequence of funding and expenditure timing differences on the Speyside Way extension project.
 - As requested by the Audit Committee at their last meeting a narrative was added which explains our net outgoing resources position in the year to 31 March 2015 in respect of the Speyside Way project spanning the financial year end.
 - As a result of discussions with the CNPA's sponsor team at Scottish Government and also with Scottish Government Finance Kevin Boyle has been provided with a letter stating that the situation is one that is primarily a matter for the CNPA and the Auditors and that the Sponsor Team are content with the position as noted.
 - The position with the Speyside Way project had masked an otherwise accurate break-even position.
5. The Audit Committee discussed the Paper and made the following comments/ points of clarification:
 - a) With reference to page 13 of the 2014/ 15 Final Annual Accounts, the recent appointment date of Board Member Dave Fallows to be amended to 20.03.2015.
 - b) With reference to pages 19 to 21 of the 2014/ 15 Final Annual Accounts, a request that the Board are asked to update these as a matter of urgency for inclusion in the Annual Report.
 - c) A query was made as to why Board Members do not have pension entitlement. David Cameron advised that this was because Board Members are not employees and therefore not part of the staff; Board Members receive a non-pensionable fee.
 - d) A query was made as to why on page 12, it appeared that the Chief Executive pension benefit had decreased from last year to this year. David Cameron clarified that this was as a result of an actuarial calculation which fluctuated year on year as a result of market conditions and demographic risk-based calculations.
6. The Convener of behalf of the Audit Committee thanked Danie Ralph and David Cameron for having brought the 2014/ 15 Final Annual Report together.
7. **The Audit Committee agreed to approve the final accounts prior to submission to Audit Scotland for final certification on the basis the Board biographies are updated and included in the final submission.**
7. **Action:**
 - i. **Alix Harkness to circulate biographies to the Board for updating for inclusion in the 2014/ 15 Final Annual Accounts and on the website.**

Proposed Annual Report on 2014/15 Audit (Paper 2)

8. Kevin Boyle presented Audit Scotland's proposed annual report on the 2014/15 final accounts audit. He advised that Asif Haseeb was not at the meeting but would be signing it off on Monday when he returned to the office. In addition, Kevin made the following points:
 - At Paragraph 6.2 of Annex I of the Paper all outstanding actions had now been signed off.
 - He advised that they had changed the format of the report this year to make it more user friendly.
 - He drew the Audit Committee's attention to the key messages on page 3 and to the governance issue in relation to the Speyside Way income on page 10 of the Annex.
9. The Audit Committee discussed the Paper and made the following comments/ points of clarification:
 - a) An update on the progress of the business continuity plan was requested. David Cameron advised that Helen Jenkins was currently working on this and that it involves working with a number of partners to establish emergency accommodation and emergency meeting space. He advised that it was hoped to get it up and running and before the Audit Committee at their November meeting. He added that certain aspects of the plan would need to be tested and therefore it would unlikely be in place in full until next year.
 - b) A query in reference to page 27 of Annex I under Annual Leave Accrual the target date is in the past. Kevin agreed that this was a typo and would be amended.
 - c) In reference to page 13 of the Annex, was the structure of the Annual Report following the guidance set out in the revisions to the Financial Reporting Manual? David Cameron informed that the current structure of the report was in keeping with the Manual and that Danie Ralph and Kevin Boyle were currently in discussion on how anticipated changes in this Manual could be implemented going forward.
10. **The Audit Committee:**
 - i. **Considered the external auditor's annual report on the 2014/15 audit;**
 - ii. **Reviewed and endorsed the management responses to actions raised in the report subject to the following amendment:**
 - **The Annual Leave Accrual target date on page 27 of the Annex to be amended.**

11. **Action: None.**

12. Murray Ferguson joined the meeting at this point.

Internal Audit Review: Planning Processes (Paper 3)

13. Andy Shaw presented the internal auditor's review of the Authority's Planning Service and processes, conducted as part of the agreed 2015/16 internal audit programme. He gave a high level summary of main findings.

14. Members discussed the following points:
- a) Concern was raised in connection with recommendation 1 on page 4 of the Annex, referring to pre-application protocols with local authorities. Concern was expressed that it should be recognised that the CNPA do not have complete control over what Local Authorities do. Grant Moir advised that reasonable sign up should be feasible. Andy Shaw added that as long as a record of discussions had taken place then Auditors would accept that.
 - b) Clarification that the recommendations applying to the Pre-application Process are at a high level and not on the ground. It was agreed that it was and that there are other added complications associated with it namely the current designation order.
 - c) Agreement that the terms 'highly likely' and 'highly unlikely' under recommendation 2 are not very clear.
15. Murray Ferguson provided the Audit Committee with the following update on the progress of the Planning Best Value Review:
- a) The Best Value Review took place in December 2014 and the implementation plan was finalised in February this year.
 - b) It had 23 separate findings, of which 12 had been fully addressed, 8 were in progress and 3 outstanding.
 - c) Murray was fairly confident by end of the calendar year all points would be addressed.
 - d) At the next Planning Committee meeting the Annual Planning Performance Framework would be tabled for discussion which would include a benchmarking discussion.
 - e) Grant advised that a good benchmark is the number of legacy cases in progress. He advised that 2 years ago the CNPA had 20 and now they had none. Some Local Authorities have over 500 legacy cases on their books. The Audit Committee agreed that Planning Staff should be given credit for completing legacy cases.
16. The Audit Committee agreed that Murray Ferguson and Eleanor Mackintosh, Planning Committee Convenor, give the Planning Committee an oral update on the findings of the Audit Committee at their next meeting on 18 September 2015.
17. Murray Ferguson departed the meeting at this point.
- 18. Members agreed the recommendations as set out in the Paper.**
- 19. Action:**
- i. **Murray and Eleanor to provide the Planning Committee a brief oral update on the Planning Processes and Systems Internal Audit report at their next meeting on 18 September 2015.**

Audit Committee Annual Report (Paper 4)

20. David Cameron presented the Audit Committee Annual Report to the Board. He highlighted the typos at paragraphs 3 and 17 and apologised for these.

21. Members discussed the following points:
- a) Clarification that the word highlighted at paragraph 9 of the Paper was incorrect. David advised that it should read four, not seven.
 - b) In reference to paragraph 10 of the Paper, the last sentence it stated that only 1 of 21 recommendations received a high priority, where had this come from? David confirmed that this was also a typo and remained from last year and would be removed.
 - c) At paragraph 17, the date of the signing off of the Final Accounts should be Monday 31 August 2015 not 28 August 2015 as Asif was not present at the meeting to sign the accounts. David agreed to amend this.
 - d) A suggestion to put an asterix next to Planning Processes (Sep 15) on Table I of page 4 of the Paper referring the reader to paragraph 14 of the Paper that describes the situation well. David agreed to do this.
 - e) In reference to paragraph 25 an additional point to be added along the lines of the Audit Committee having contributed to recommendations made and responses and actions. David agreed to add this in.
 - f) A suggestion was made to add the current Audit Committee membership as a footnote to the Paper. David Cameron agreed to do so.

22. The Audit Committee:

- a) **Considered the report and discuss any issues raised by the Committee's work in the year.**
- b) **Noted the report.**
- c) **Noted the updated strategic risk register supporting delivery of the 2012 to 2015 Corporate Plan.**

23. Action:

- i. **David Cameron to make amendments to the Paper as listed in paragraph 21 above before submission to the Board at their September 2015 meeting.**

Any Other Competent Business

24. Credit to officers over the year for providing the Committee with good information and papers.

Date of Next Meeting

25. 13 November 2015, Community Hall, Boat of Garten.

26. Meeting closed 12.02

Audit Committee: Outstanding Actions

Action	Status
Submit Sustainable Procurement Policy for Committee's consideration once drafted, to support actions around local procurement where possible within agreed procurement strategy (March 2012 meeting)	Open – a Sustainable Procurement Bill is currently being progressed and this action is deferred pending its enactment.
Report on lessons learned from Speyside Way extension project and financial management arrangements (June 2015 meeting)	Open - An update on progress and measures put in place to come back to Committee in due course.
Progress Audit Committee Annual Report to Board following amendment to reflect discussions (Aug 2015 meeting)	Closed
Progress Annual Accounts for sign off (Aug 2015 meeting)	Closed
Present Business Continuity / Disaster Recovery Plans to Committee once final drafting is complete. (Aug 2015 meeting)	