

**DRAFT MINUTES OF THE AUDIT AND RISK
COMMITTEE MEETING of
THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**held via Lifesize Video Conferencing
on 10th September 2021 at 2pm**

PRESENT

Judith Webb (Chair)
John Kirk
John Latham

Eleanor Mackintosh
Fiona McLean
Gaener Rodger

In Attendance:

David Cameron, Director of Corporate Services
Grant Moir, CEO
Vicky Walker, Governance and Reporting Manager
John Boyd, Grant Thornton
Chris Brown, Azets

Apologies: Danie Ralph, Finance Manager,
Kate Christie, Head of Organisational Development

Welcome and Apologies

1. The Chair welcomed everyone to the meeting.

Minutes of Last Meeting – Approval

2. The draft Minutes of the meetings on 13 August 2021 were approved with no amendments.
3. **Action points arising from previous meeting:**
 - a) **At Para 3b) In Hand** - Risk Appetite has been raised at Governance group but awaiting date for further discussion at full board.
 - b) **At Para 11i) In Hand** - Director of Corporate Services to review incorporation of generic terms of reference for each committee in each individual committees

- c) **At Para 1(iii) In Hand** - Director of Corporate Services committed to review quorum, membership and frequency of meetings as part of the annual Audit and Risk Committee review.
- d) **At Para 1(i) In Hand** - Director of Corporate Services to provide Committee with an oversight of work for the committee over the next 12 months and to include a timetable of indicative internal audit reports. Members to have opportunity to input into the internal audit plan. Confirmed will come to next scheduled meeting in October.

Declaration of Interests

- 4. There were no interests declared.

Internal Audit 2021/22 Progress Report (Paper 1)

- 5. Chris Brown, Azets introduced the report which presents a summary of internal audit activity since its last meeting and confirms the reviews planned for the coming quarter. He highlighted the following areas:
 - a) Fieldwork on one audit has been completed since the last Audit and Risk Committee meeting on Leader administration and this will come to the October Committee.
 - b) Fieldwork on follow up part one has commenced and is on track.
 - c) The delivery of the Internal Audit plan remains on track.
- 6. The Audit and Risk Committee discussed the paper and made the following comment:
 - a) The Committee clarified that follow up part one related to validation that agreed audit actions have been under taken and takes place twice a year.
- 7. **The Audit and Risk Committee:**
 - a) **Considered the internal audit 2021-22 Progress Report.**
- 8. **Action Point Arising:**
 - i. **None**

2020/21 Final Accounts (Paper 2)

- 9. David Cameron, Director of Corporate Services introduced the paper which presents and seeks approval to the final accounts for 2020-21 prior to their being submitted to Audit Scotland for final certification. He highlighted the following points:

- a) Financial monitoring has taken place throughout the year through Finance and Delivery Committee with a target to achieve a break-even position. Delivery of the budget was agreed by the board in March 2020.
 - b) The attached report outlines the financial performance narrative and highlights break-even position has been achieved. The delivery of grant and aid resulted in £21,000 underspend representing 0.4% of the total budget. Capital funding has an underspend of £44,000 representing 9% of capital allocation. The delay in confirmation of the peatland grant and subsequent delays due to COVID and weather has impacted on this position. Overall performance is within agreed envelope of 2 percent variance against total income £7.750 million.
 - c) Grant Moir, Chief Executive reiterated unique challenges throughout the year and commented the underspend position was credit to hard work of all staff delivering corporate plan.
 - d) Director of Corporate Services confirmed there was nothing from management accounts that needed the Committee's attention. During the summer the majority of payments for debtor balances have been made.
10. The Audit and Risk Committee discussed the paper and made the following comments and observations:
- a) Recognised the efforts of the staff team in ensuring good annual report and outturn of the year end position.
 - b) Confirmed that Finance and Delivery Committee are content with outcome and had a good discussion throughout the year. Reiterated that position is reflective of hard work from staff especially given complexity of some projects. Well done to the team from Finance and Delivery Committee. The final position of 0.4% underspend is an incredible achievement.
 - c) Planning Convener resigned but remains Board Member request this is clarified in the report.
11. **The Audit and Risk Committee approved the final accounts prior to submission to Grant Thornton and Audit Scotland for final certification.**
12. **Action Point Arising:**
- i. **Clarify that former Planning Convener and Deputy Convener remain Board Members on page 2.**

Final Accounts Letter of Representation (Paper 3)

13. David Cameron, Director of Corporate Services introduced the paper which presented the Letter of Representation which accompanies the audit of the financial

statements of Cairngorms National Park Authority for the year ended 31 March 2021. ARC members opportunity to ask questions and see the requirements of Chief Executive as accountable officer.

14. From a Management perspective both Director of Corporate Services and Chief Executive were happy with the contents.

15. The Audit & Risk Committee agreed the Final Accounts Letter of Representation.

16. Action Point Arising:

i. **None**

External Audit Report (Paper 4)

17. John Boyd, Grant Thornton introduced the paper which presents the External Audit Report. He made the following points:

- a) The focus of the report is on financial sustainability and to highlight any misstatements identified during the audit. The audit was conducted remotely due to Covid restrictions.
- b) He passed thanks to both David Cameron, Director of Corporate Services and Danie Ralph, Finance Manager for support during the audit.
- c) He confirmed there were no areas of concern in relation to material misstatement through fraud or error or in any management override of controls. Governance arrangements focussed on Covid 19 arrangements and these were not cause for concern.
- d) The Audit recommendations were in recognition of the significant value of the Heritage Horizons grant and level of finance administration and oversight required to administer these funds.
- e) Overall financial statements are of a good standard.

18. The Director of Corporate Services confirmed the action point was valid and gave assurance that Chief Executive and Director of Corporate Services were looking at the delivery of Heritage Horizons and the requirement for corporate support and corporate resources. Additional support to the finance team has been identified.

19. The Director of Corporate Services thanked the external audit team for support during the audit and producing the report for the committee today.

20. The Audit and Risk Committee discussed the paper and made the following comments and observations:

- a) There were lessons learned from the Tomintoul and Glenlivet Landscape Partnership (TGLP) programme and the difference in accounting methods and difficulty for the project board monitoring finances. The Director Corporate Services confirmed lessons had been taken into account and the approach of mainstreaming Heritage Horizons within the National Park Authority rather than creating a separate project structure addresses some of these points.
- b) The Committee were pleased to hear progression within the staff team.
- c) The Committee commented that it was great to see clean bill of health and pleased to see report.

19. The Audit & Risk Committee:

- a) **Considered the external auditor's annual report on the 2020/21 audit;**
- b) **Reviewed an endorsed the management responses to actions raised in the report.**

20. Action Point Arising:

- i. **None**

Strategic Risk Management and Managing Heritage Horizons Risks (Paper 5)

- 21. David Cameron, Director of Corporate Services introduced the paper which supports the Audit and Risk Committee's review of the strategic risk management position of the Authority. He explained the paper continues to review the handling of risks around the Heritage Horizons programme, following on from the Board meeting in February 2021 and from the announcement by National Lottery Heritage Fund of the allocation of funds to this programme in July 2021.
- 22. Director of Corporate Services reiterated the lessons learned from TGLP in relation to succession planning and loss of key staff hence mainstreaming the programme into the Park Authority. The team were still awaiting start date and he advised that once started additional risks may be reflected in the risk management structure.
- 23. The Audit and Risk Committee discussed the paper and made the following comments and observations:
 - a) The Committee queried whether it was possible to group risks together and streamline the Risk Register. It would be helpful to review the presentation of the risk register to support discussion at Audit and Risk Committee and also at

board level. Director of Corporate services outline two types of risk articulated in the risk register; the strategic risk management of the National Park and those relevant to the National Park Authority as an organisation. The current risk register reflects a blurring of strategic and operational risks. The overall the position was positive with 2 of 19 risks to close leaving 17 risks in total.

Discussions should focus on whether risk management approach is organisationally effective. He felt content current risk register serves its purpose and meets needs but organisation and presentation of risks could be improved.

- b) The Committee queried at what stage do risks get removed from the risk register. Director of Corporate Services confirmed these are highlighted to Audit and Risk Committee as appropriately mitigated and for removal today.
- c) The committee asked whether there was linkage and correlation between complaints and reputational risk. Director of Corporate Services confirmed that reputational risk is on the register and complaints are regularly monitored.

23. The Audit & Risk Committee:

- a) **Reviewed the Authority's strategic risk register and agreed to remove the risks highlighted.**
- b) **Agreed any strategic risk management implications and their potential mitigation arising from the Heritage Horizons programme development.**

24. Action Point arising:

- i. **Future Committee to focus on Heritage Horizons once programme had commenced.**

Information Requests 202—21 & Quarter 2021-22 Performance Scorecards (Paper 6)

- 24. Vicky Walker, Governance and Reporting Manager introduced the paper which provides an update on performance on information requests received under FOISA and GDPR for 2020-21 performance and year to date performance for 2021-22 at the end of quarter 1. She explained that Information is provided in the form of scorecards for quarter 4 of 2020-21 representing the performance for financial year 2020-21 and performance for the year to date at the end of quarter 1 2021-22.
- 25. The Audit and Risk Committee discussed the paper and made the following comments and observations:

- a) Whether there was any increase in organisational time in relation to increased request and what circumstances the organisation could refuse requests. Governance and Reporting Manager outlined that there were provisions within legislation to refuse requests on the length of time it would take to respond but to date no requests had met this criteria.
- b) The Committee asked whether there were any actions which could be taken to proactively manage requests. Governance and Reporting Manager confirmed that proactive publication of information is shown to reduce requests and the time taken to respond. This approach has been taken with some success in the Capercaillie project. She confirmed that requests are reviewed to see whether there are any emerging themes or patterns to requests.

25. The Audit & Risk Committee:

- a) **Noted performance and activity to date**

26. Action Point Arising:

- i. **None**

Complaints Log (Paper 7)

- 27. David Cameron, Director of Corporate Services introduced the paper which presents information on the number and nature of complaints received by the Authority since the last update on this subject in September 2020.
- 28. The Audit and Risk Committee discussed the paper and made the following comments and observations:
 - a) The Committee confirmed that the paper presented was in the public domain and were content with the increase as it ensures system is working.
 - b) The Committee confirmed that complaints should be made within 6 months but ombudsman will pick up complaint up to 12 months,
 - c) The Committee commented that in relation to the increase in numbers accessing the National Park the number of complaints was pretty good
 - d) The Committee sought clarity on when CNPA makes complaints to others for example when the park is misrepresented. The Chief Executive confirmed that they will when it's a worthwhile responding for example when inaccuracies are reported.
- 29. **The Audit & Risk Committee considered the information on complaints made to the Authority.**

30. Action Point Arising:

- i. **None**

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31. There were no items raised.

Date of Next Meeting

32. The next scheduled Audit and Risk Committee meeting will take place on Friday 29th October 2021.
33. The meeting finished at 15:35 hours.
34. Following the meeting the committee had a private session with both the internal and external auditors.