

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

**held via Lifesize Video Conferencing  
on 27 May 2022 at 2.30pm**

**PRESENT**

Judith Webb (Chair)  
John Kirk  
John Latham

Eleanor Mackintosh  
Fiona McLean (Vice-Chair)  
Gaener Rodger

**In Attendance:**

John Boyd, Grant Thornton  
Stephanie Hume, Azets  
Paul Kelly, Azets  
David Cameron, Director of Corporate Services  
Grant Moir, CEO

**Apologies:** Elizabeth Young, Azets

**Welcome and Apologies**

1. The Chair welcomed everyone to the meeting.

**Minutes of Last Meeting – Approval**

2. The draft Minutes of the meetings on 11 February 2022 were approved with no amendments.
3. Draft confidential minutes of 11 February 2022 were agreed as accurate. The Director of Corporate Service reported that the matter considered had not yet been taken up with the Governance Committee, as the meeting has been delayed.
4. The Chair and Director of Corporate Services provided an update on the action points arising from previous meeting. (Located in the table at the end of the document)

4. **Action Point Arising:**
  - i. **Clerk to Board to ensure action table is appended to the minutes going forward.**

## **Declaration of Interests**

5. There were no interests declared.

## **Internal Audit: IT Strategy Review (Paper 1)**

6. Paul Kelly, Azets, introduced the paper which presents the review of the Cairngorms NPA's approaches and controls in place for our ICT Strategy. The review has been undertaken as part of the agreed Internal Audit Plan for 2021/22.
7. The Audit and Risk Committee discussed the paper and made the following observation:
  - a) Comment made that it was a useful report.
  - b) Slight concern raised around that what was being reported here in terms of control weaknesses could be taking place in other parts of the organisation: could this be looked at as a learning point across other strategies across the CNPA? Director of Corporate Services welcomed the report. He commented that while the learnings from the report were explicit on what we should be doing to improve our controls around the development and implementation of our IT Strategy, in many elements there are actions we are doing, such as having an understanding of our financial plans within wider budgets. He agreed that we need to do better at making these actions and processes more explicit, and detailed in writing, ensuring all things are all documented and set out. He advised that there were gaps in the availability of documented evidence on the strategic process which the report picked up, and while those who are managing the process know in-depth about it, others or anyone new to the organisation might not. The Director of Corporate Services concluded that he did not feel the control weaknesses were widespread across the organisation, other than the previously recognised need to better document aspects of our project management activities. Paul Kelly confirmed that was better document trail to support it was required.
8. **The Audit and Risk Committee:**
  - a) **Considered the internal auditors report and findings;**
  - b) **Endorsed the management responses to recommendations for future action and system improvements.**
9. **Action Points Arising: None.**

## Internal Audit: Cyber Security Review (Paper 2)

10. Paul Kelly, Azets, introduced Paper 2 which presents the review of the Cairngorms NPA's approaches and controls in place for our Cyber Security. The review had been undertaken as part of the agreed Internal Audit Plan for 2021/22.
11. The Audit and Risk Committee discussed the paper and made the following comments and observations:
  - a) With reference to Action 1: Technical controls where the recommendation is simply noted as accepted, clarification sought as to what was required there and what the actions are. The Director of Corporate Services advised that the team would develop a system to deal with a couple of scenarios of response to cyber security incidents, setting out what the IT team will do and how to communicate actions being taken and any consequences to the whole organisation. Further discussion within the IT team requires to take place before it can be decided exactly what that will look like, hence the management response was brief at this point.
  - b) Query around IT training: were the Authority looking at other training provider options to ensure people are doing mandatory training. Director of Corporate Services reported that the ELMS training system provides good data, regarding staff participation: when they did each module and which course they have done. The Director of Corporate Services confirmed he has been speaking to HR team to ensure staff catch up on some of the essential training, potentially over the hopefully quieter summer months. He recognised that so much of training is online and as much of working life during lockdown has also been online, undertaking training in this has been a big ask of staff during the covid period. He added that he has asked about whether the training can be updated through the collective NPAs ELMS system.
  - c) Query raised in point 3, noting action references had nothing concerning the governance of processes? The Director of Corporate Services advised that this was a risk analysis point and provided reassurance that the Authority do take our risk management process through Audit & Risk Committee and the Board at a strategic risk level. He advised that he will be liaising with the IT Team to ensure they are fully focussed on operational risk management in day-to-day work.
  - d) The Chair suggested an action around reinvigorating training modules/ uptake on them and to include Board member training needs. The Director of Corporate Services noted that only a small number of board members currently operated with access into the Cairngorms NPA's systems and therefore risk was mitigated to a degree.

12. **The Audit and Risk Committee:**
  - a) **Considered the internal auditors report and findings;**
  - b) **Endorsed the management responses to recommendations for future action and system improvements.**
  
13. **Action Points Arising:                      None.**

### **Internal Audit: Management Action Follow-Up 2021/ 22 (Paper 3)**

14. Stephanie Hume, Azets, introduced Paper 3 which the review of the Internal Audit Management Action Follow-Up 2021/22.
  
15. The Audit and Risk Committee discussed the paper and made the following comments and observations:
  - a) Query raised around the management review what was the process for getting actions signed off if they were no longer applicable. A further question posed around whether there was appropriate resource in place to move this forward, concern that there is one name in particular against many items. CEO explained that there had been a lot more strain on Corporate Services over the past couple of years through Covid from moving the organisation off premises and subsequently planning for new working arrangements. He recognised as a result some of the Audit & Risk Recommendations have slipped. He explained that they would be looking to recruit new Head of Finance and Operations and will begin recruitment of that post in June, following SG budget announcement on 30<sup>th</sup> May. This additional senior staff member will help to ensure the Authority have sufficient resource to clear out audit recommendations in addition to supporting wider corporate work. He noted a huge amount of Board and governance work over past 2 years has put a strain on the team, while unplannable workloads arising from matters such as application of sanctions has taken up time in senior management. The CEO agreed that management do need to go through these recommendations and decide which are still relevant and which have been superseded by other things. Agreement that CEO and Director of Corporate Services would discuss and come back with a report setting out which outstanding recommendations the Authority intend continued focus on, and the timescales and have something in writing for the ARC at the next meeting.
  - b) Director of Corporate Services added that this process was followed on a biannual basis whereby Azets flag the completed and superseded recommendations and get them removed.
  - c) Director of Corporate Services commented that there were lots of partially implemented recommendations: several of them requiring the team to go

through a process of development rather than one-off actions to resolve matters, creating a process which in some cases takes a lot of time to get from beginning point to end point.

- d) Director of Corporate Services advised that there had also been a deliberate lowering of priority for some recommendations – accepting the risk of actions remaining to be addressed. He suggested the Travel and Subsistence Policy recommendations were a good example of this: it had not been a priority to look at Travel and Subsistence Policy during Covid periods when claims were minimal, but now starting to look at this again now people are beginning to travel again.
- e) Member commented that a number of actions and processes taking some time, make realistic timescales, some actions are from 2016 which was before Covid. CEO reflected that Management have accepted Audit recommendations that they should not have had at the time: for example, recommendations such as doing annual survey of stakeholders on communications which on reflection would not add value given stakeholder engagement is what the CNPA does. The CEO referred to the suggested action to go through and state which recommendations we will do and which we won't do in terms of their value to CNPA as a small organisation.
- f) The Chair agreed that management should look at where the focus should be, and associated timescales. When taking this forward, senior officers should be asking do we accept the risk, is it not something we feel we need to proportionally act on.
- g) Director of Corporate Services added that given the scale of the organisation even with additional resource, we don't have lots of slack in the organisation. Demand led or unplanned actions such as FOI's, SG initiatives which require response can significantly throw off resource on following up with recommendations and move response timetable. He agreed that a more fundamental review of outstanding recommendations would be a valuable exercise at this time.
- h) Stephanie Hume advised that it had been a helpful discussion to hear and confirmed that she would be happy to work with CEO and Director of Corporate Services to get the recommendations streamlined and to include the percentages complete/ partially complete and reflect that back.

#### **16. The Audit & Risk Committee:**

- a) Considered the internal auditors report and findings;**
- b) Endorsed the management responses to recommendations for future action and system improvements.**

#### **17. Action Point arising:**

- i. **Director of Corporate Service together with CEO and Stephanie Hume to review the Follow-up recommendations and associated timescales and come back to the Committee with a report for discussion.**

#### **Internal Audit Progress Report (Paper 4)**

18. Stephanie Hume, Azets introduced Paper 4 which presents the Internal Auditor's Progress Report which provides the Committee with a summary of internal audit activity since its last meeting and confirms the reviews planned for the coming quarter, identifying when required changes to the annual plan of which for 2022/23 there are none.
19. The Chair thanked Stephanie for the update.
20. **The Audit & Risk Committee noted the internal auditor's progress report.**
21. **Action Points arising:       None**

#### **Internal Audit Annual Report 2021/22 (Paper 5)**

22. Stephanie Hume, Azets, introduced Paper 5 which presents strategic internal audit annual report. Stephanie directed the members to the overall audit opinion for 2021/22 set out on page 3 of the report. This is one of the key considerations for the Committee and the report indicates a positive overall position.
23. The Audit and Risk Committee discussed the paper and made the following comments and observations:
  - a) Thank you to the internal auditors for the report and congratulations to the team for the clean bill of health.
  - b) The Chair commented that when we have done well, terminologies used in audit such as "reasonable" tends to underplay how good the position is.
  - c) Director of Corporate Services explained that with the additional budget available last year, having taken on Peatland Action Programme as an evolving piece of work, management were conscious some things needed reviewed believe an independent opinion would be valuable. This was why they asked Azets to carry out a review which was near completion. Once the report was finalised, he will liaise with the Chair and Internal Auditors regarding whether an additional meeting should be called to consider the report or whether this could wait until the next scheduled meeting.

24. **The Audit & Risk Committee:**
- a) **Considered the internal auditor’s strategic internal audit annual report;**
  - b) **Agreed the internal audit annual report for 2021/22.**
25. **Action Point arising: Consider need for additional meeting on finalisation of peatland funding internal audit report.**

### **External Audit Update (Oral)**

26. John Boyd, Grant Thornton, provided an oral update on external audit. He made the following points:
- a) New Audit Scotland appointments meant that there will be a new external auditor for CNPA for audits of the 2022/23 financial year onwards.
  - b) No emerging issues from external audit of the 2021/22 finances.
27. The Chair thanked John Boyd for his input to date.
28. **The Audit & Risk Committee noted the update.**
29. **Action Points arising: None.**

### **Strategic Risk Management Update (Paper 6)**

30. David Cameron, Director of Corporate Services, presented Paper 6 which presents the Audit and Risk Committee’s review of the strategic risk management position of the Authority. He added that the paper presents the most recent update to the Authority’s strategic risk register, following review of risk management action and position by the Senior Management Team in May 2022.
31. The Audit and Risk Committee discussed the update and made the following comments and observations:
- a) Query around Risk A17 and A18: were managers content they are graded amber given the earlier paper on IT Strategy. Director of Corporate Services advised these risks had been reviewed with awareness of the position set out in the internal audit reports, which were felt to reinforce the current amber and continuing rating rather than suggest an escalation. The CEO added that more work on cyber security has been done in the past two years than the Authority has ever done. Director of Corporate Services advised that if the overall perspective of the ARC is that they feel these risk areas should be escalated to

red he was more than happy to reflect that. He advised the Committee can also revisit it in next cycles and gives opportunity bring back update.

- b) The Chair commented that considering reports looked at today with reference to the action that links to training, a slight addition to the risk in the narrative could be considered and not alter the rating of the risk. Director of Corporate Services agreed to add training as explicit mitigating factor in the Strategic Risk Register.
- c) Question raised about reducing the grading from red to amber?
- d) Member commented that the technical issues are still there. Director of Corporate Services explained a little about separating out the strategic risk associated with IT and the transitional effects of moving onto MS 365. He recognised there were some ongoing operational issues and agreed that the risk register should be reviewed again, to ensure the risks around operational matters impacting more widely on effective delivery of strategic outcomes was reflected.

**32. The Audit & Risk Committee reviewed the Authority's strategic risk register, agreeing the following required amendments and mitigation actions:**

- a) Risks A18 and A23 to be removed from the Strategic Risk Register**
- b) Training to be added to the mitigation of the cyber security risk**
- c) Review coverage of IT risks to ensure potential impact of operational issues on achievement of strategic outcomes is reflected.**

**33. Action Points arising:**

- i. As detailed in paragraph 32a-c.**

**Draft Governance Statement (Paper 7)**

34. David Cameron, Director of Corporate Services, presented Paper 7 which presents the draft Governance Statement covering 2021/22 for consideration by the Committee prior to its inclusion in the draft Annual Report and Accounts.

35. The Audit and Risk Committee discussed the update and made the following comments and observations:

- a) Query around the sections of wording that have been highlighted: are areas modified from previously or highlighted for a reason or? Director of Corporate Services explained that the highlighted sections indicated new elements of content, either matters relevant for this year, improvements clarification and

wording to prior years content, in order to help members, see what was new from last time.

- b) John Boyd flagged that it would be worth considering some of narrative, looking at what was relevant such as changing the wording to say 'the organisation continues to have cyber secure accreditation' rather than refer to dates of accreditation. He asked that the ARC consider including Heritage Horizons programme and its risk management as it is a significant arrangement, worth mentioning them specifically. Director of Corporate Services agreed that these were helpful suggestions and would go back through it, to reinforce the currency of some of the elements. He added that they have a well-developed Strategic Risk Register for Heritage Horizons, and it is a good idea to draw that out and put into Governance Statement.

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

- a) **Considered the draft Governance Statement; and**
- b) **Subject to any agreed amendments drawn out in discussion, approve the Governance Statement for inclusion in the Authority's draft 21/22 Annual Report and Accounts.**

**37. Action Points arising:**

- i. **Director of Corporate Services to amend wording to be more current including a sentence around stating the HH programme has its own separate agreement.**

**Complaints Update (Paper 8)**

- 38. David Cameron, Director of Corporate Services presented Paper 8, setting out a summary of complaints handled since the last update to Committee.
- 39. The Chair asked about the types of complaints and whether there is an overview taken on recurring themes or issues that has arisen and which in some way may be looked at in a wider context across the organisation? Director of Corporate Services advised that as an organisation we still do not have a large number of complaints. The Head of Organisational Development has an overview of the complaints coming in. Where anything coming in looks like a wider issue, it is then raised to the Senior Management Team.

**39. The Audit & Risk Committee noted the update.**

**40. Action Points arising:       None.**

## AOCB

41. A Member reported that he had received comments about the Cairngorms Nature Big Weekend (CNBW) being held in the middle of ground bird nesting time, and was that a risk? CEO advised that the CNBW was a people orientated event that had been going on for 10 years, and this was not in height of season yet. He added that the Authority would not take people to sensitive areas and the team use the event as an opportunity to promote dogs on leads.
42. The Chair thanked everyone for their contributions to the meeting today.

### Date of Next Meeting

43. The next scheduled Audit and Risk Committee meeting will take place on Friday 26<sup>th</sup> August 2022.
44. The public meeting finished at 16.10 hours.

### Action Points to be appended to minutes in the future

Ref	Action Detail	Who	When	Status
10/09/2021 (Para 3)	Ongoing Discussion at Board and Governance Committee on risk appetite. Discussions are to be had with internal audit on supporting this work.	David Cameron / Internal Auditors	Scheduled late Q3 or Q4 2022/23	In Hand
29/10/2021 (Para 8i)	Bring lessons learned on LEADER back as Agenda item to a future AR Committee.	David Cameron	After the programme had finished	Open
29/10/2021 (Para 4i)	Priority to be given to a detailed VAT review during the remainder of 2021-22.	David Cameron	Next meeting following Governance Committee	In Hand
29/10/2021 (Para 20i)	Provide AR Committee with timetable for forward planning of meetings.	David Cameron	For May Committee	Open
11/02/22 (Para 10i)	External Auditor to complete audit with targeted sign off	John Boyd	by end of September 2022.	Open

<b>11/02/22 (Para 18i)</b>	Standardisation of project management procedures and terminology. This to be brought back to the ARC to ensure the appropriate language was used.	To be confirmed following recruitment	December 2022	Open
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Version 0.2: reviewed by Director of Corporate Services.

Version 0.3 reviewed by Committee Chair / Vice Chair, not yet agreed by Audit & Risk Committee