



# Draft Minutes of the Audit and Risk Committee

Held Virtually

21 June 2023 at 3.00pm

## Present

Fiona McLean (Acting Chair)

Gaener Rodger

## In Attendance

Grant Moir, CEO

David Cameron, Director of Corporate Services and Deputy CEO

Louise Allen, Head of Finance, and Corporate Operations

Tom Reid, Audit Director, Mazars

Elizabeth Young, Azets

Catriona Strang, Clerk to the Board

## Apologies

Bill Lobban

Geva Blackett

John Kirk

## Welcome and introduction.

1. Fiona McLean, the acting chair welcomed everyone to the meeting. Apologies were noted. The acting chair highlighted that the meeting was not quorate. David Cameron, Director of Corporate Services and Deputy CEO commented that with the forthcoming holiday period it was unlikely that a quorate meeting could be convened in the next few weeks. It was agreed that the meeting will proceed despite not being quorate, and approval of any decisions in principle will be sought from committee members by email.



## Approval of minutes of previous meeting

- The draft minutes of the meeting on the 24 March 2023 were approved with no amendments.

## Action Points

Ref	Action Detail	Who	When	Status
29/10/2021 (Para 8i)	Bring lessons learned on LEADER back as Agenda item to a future AR Committee.	David Cameron	Review will come to meeting In Sept 2023	Open
29/10/2021 (Para 4i)	Complete a detailed VAT review.	Louise and Stephanie	Complete in next 6 months. delayed due to HH project	Open
11/02/22 (Para 18i)	Standardisation of project management procedures and terminology. This to be brought back to the ARC to ensure the appropriate language was used.	Project Manager when recruited	On completion of internal review of process	Open
13/01/23	Position on contract management of Grant Thornton with regard to 2021/22 audit performance.	David Cameron	Confirmation from lead at Audit Scotland about contract management	Closed

## Matters arising not cover In agenda.

- None



## Declarations of interest

4. There were no interests declared.

## Internal Audit Report 2022/23: Payroll and Expenses

5. Elizabeth Young, Chief Internal Auditor, Azets, provided the overview of the internal audit review of payroll and expenses. While a relatively large number of recommendations for action have been raised from this review, all are at grades 1 and 2 in terms of their significance: signifying limited or moderate risk exposure and action that can either strengthen existing controls or make these controls more effective. Elizabeth also highlighted that the management responses confirmed action had already been taken in addressing a number of areas which was reassuring.
  - a) David Cameron, Director of Corporate Services and Deputy CEO, confirmed that the finance team has completed substantive work in addressing a number of the areas for action highlighted between receipt of the draft report and the final report now being presented to the Committee, .
  - b) Louise Allan, Head of Finance and Corporate Operations, noted that it is a small finance team and difficult to segregate duties in all areas recommended.
6. The Audit and Risk Committee discussed the report and made the following comments and observations:
  - a) A member observed concerns about business continuity plans and along with payroll and were there any other aspects of outsourcing of data holding within the business. Director of Corporate Services and Deputy CEO confirmed there are other cloud based back up systems and there are recognised vulnerabilities associated with this. Head of Finance, and Corporate Operations confirmed the accounting system is currently server based but will be moved to cloud based. The Information manager will lead on revision to business continuity plans, while the IT Manager will address appropriate data back-up arrangements to support outsourced and cloud-based data storage.
  - b) A member noted the complexity of the board time allocation system and suggested this needs to be considered separately from this report. Director of Corporate Services and Deputy CEO noted that this is a matter for the board to review and structure going forward.



## Recommendations

The Audit & Risk Committee is asked to:

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

7. The Audit & Risk Committee agreed the recommendation in principle.

## Internal Audit Report Management Action Follow up 2022/23

8. Elizabeth Young, Chief Internal Auditor, Azets, provided the overview of the six monthly internal audit progress report and highlighted the following points:
  - a) There is a positive downward movement in the number of open audit recommendations, with 28 open actions carried forward compared with a start point of 41.
  - b) Within this downward movement, supporting evidence was still required to be submitted for seven recommendations.
  - c) Highlighted that there are a substantial number of actions still outstanding within Appendix 1.
9. The Audit and Risk Committee discussed the update and made the following comments and observations:
  - a) A member asked why some of the action have no update. David Cameron, Director of Corporate Services and Deputy CEO confirmed there has been challenges in managing workload and in coordinating the allocation of actions to individuals and receiving feedback. Given workload challenges focus has been on the higher graded risk items and the status of some lower risk items have therefore not been reviewed at this point.
  - b) A member asked If an updated timescale could be provided at the next committee. A member asked If some actions were downgraded due to partial completion. Director of Corporate Services and Deputy CEO confirmed that some actions have been partially completed and therefore downgraded. Some action we are awaiting completion of documentation before downgrading of risks can be applied. The updated timetable for action would be presented with the next update on status.
  - c) A member asked whether a number of risks are superseded by other risks, or has the risk been removed? Louise Allan, Head of Finance and Corporate Operations



confirmed that a review of the table will be undertaken with Azets to ensure correct risks are noted.

## **Recommendations**

The Audit & Risk Committee is asked to:

- d) to note the progress made by management in implementing agreed management actions.

10. The Audit & Risk Committee noted the recommendation in principle.

11. **Action** - Louise Allen, Head of Finance to review timescales with Azets and bring to next committee to confirm.

## **Internal Audit Annual Report 2022/23**

12. Elizabeth Young, Azets, provided the overview of the Internal Audit Plan 2023/24 and highlighted the following points:

- a. Members' attention was drawn to the Internal Audit Opinion for 2022/23 which notes that the Park Authority has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.
- b. The opinion for 22/23 also highlights the level of outstanding audit recommendations as noted in the previous report and considered by the Committee in the previous report.

13. The chair noted the work complete by Azets in the report and thanked Elizabeth and the Azets team for their work and support of the Committee over the course of the year. The Chair noted that the internal audit opinion would be included in the Governance Statement to be included in the Annual Report and Accounts for 2022/23.

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

- a) No comments or observations



## Recommendations

The Audit & Risk Committee is asked to:

- a) Consider the internal auditors annual report for 2022/23;
- b) Note the internal audit annual opinion as set out in page 3 of the report and endorse the inclusion of that opinion within the Governance Statement for 2022/23.

15. The Audit & Risk Committee noted the recommendation and in principle endorse the inclusion of the governance statement for 2022/23.

## Risk Appetite Workshop

16. Elizabeth Young, Chief Internal Auditor, Azets, provided an overview of the paper which summaries the outcomes of the risk appetite workshop.

17. The chair thanked Elizabeth Young and Stephanie for the workshop and engaging the board members on risk appetite.

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

- a) David Cameron Director of Corporate Services and Deputy CEO noted that the risk register will be updated around the new corporate plan and he will consider how to incorporate the risk appetite outcomes into the process.
- b) Grant Moir, CEO, asked If the risk appetite middle column on the report should include all the categories rather than just the largest. Elizabeth Young, Azets, noted that all the categories score are in Appendix 2. A member asked if a heat map could be produced to show the nuances of the categories selected in the main report. Elizabeth Young agreed this could be provided.
- c) Members noted that during the workshop there was a lot of discussion on the link between land management and impact on local communities and the board's view was that we may need to consider having local communities as a separate risk category. Director of Corporate Services and Deputy CEO noted that these two can be separated out depending on the specific strategic risk aspect related to the corporate plan.
- d) Director of Corporate Services and Deputy CEO noted he expected that a timeline would be in place by end of July with scheduling board time and corporate risk register development.



## Recommendations

The Audit & Risk Committee is asked to:

- a) to review the workshop outputs and consider the next steps in embedding risk appetite as agreed by the board in the Park Authority's strategic risk management approaches.

19. The Audit & Risk Committee noted the recommendation In principle.

20. **ACTION** - David Cameron, Director of Corporate Services and Deputy CEO to produce timeline for scheduled board time to develop the strategic risk register alongside the new Corporate Plan.

## External Audit Strategy Memorandum

21. Tom Reid, Mazars, provided an update on the external audit plan for 2022/23

- a. Preliminary work was well underway and early engagement between the Mazars team and the Park Authority's finance team was developing well.
- b. Main fieldwork was expected to take place over September and October, with final accounts to come to the Committee for sign off in November 2023.

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

- a) David Cameron Director of Corporate Services and Deputy CEO noted the content of the strategy and agreed with Tom that the overall approach and collaboration between Mazars and Finance team is already in place and working well. Director of Corporate Services and Deputy CEO commented that the timeline is tight with not a lot of contingencies for slippage if accounts are to be laid in Parliament before recess in December. However, he is confident that the accounts can be released by Audit Scotland and laid in parliament before Christmas recess if information exchange continues to flow effectively between the two teams. Director of Corporate Services and Deputy CEO highlighted the fees are set by Audit Scotland and all non-departmental public bodies have seen fee increases between 11-16% for 2022/23 Audit Scotland also take a proportion of the fees. The fee level was therefore in line with the expectation for the sector.



- b) A member thanked Director of Corporate Services and Deputy CEO for the explanation of the fees and noted that the fee increase could have been larger depending on the size of the organisation.

## **Recommendations**

The Audit & Risk Committee is asked to:

- a) Agree the final external audit plan for the external audit of the 2022/23 annual report and accounts;
- b) Agree the fee for the audit as set out in Section Six of the Annex to this paper;

The Audit & Risk Committee agreed in principle the final external audit plan and agreed the fee for the audit.

## **Governance Statement**

23. David Cameron, Director of Corporate Services and Deputy CEO presented the paper and highlighted the following points:

- a) This is a standard statement for inclusion within our annual reports and accounts using the same template as in previous years. The structure of the statement is prescribed in some areas and therefore we do not have full flexibility over the content and structure of the Statement.

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

- a) A member asked if a sustainability statement is required along with accounts and where does this sit? Director of Corporate Services and Deputy CEO confirmed that a draft of the full annual report will come to the board 8 September and will include the sustainability statement.
- b) Tom Reid, Mazars, is happy to review the governance statement prior to when the audit gets underway in terms of its content and fit with required structure and elements.

## **Recommendation**

The Committee is requested to:

- a) Review the draft Governance Statement presented with this paper.



- b) Subject to any agreed amendments, approve the Governance Statement for inclusion in the Park Authority's draft Annual Report and Accounts for 2022/23.

25. The Audit & Risk Committee approved the recommendations in principle.

## **Strategic Risk Management**

26. David Cameron, Director of Corporate Services and Deputy CEO, presented the update on the Park Authority's strategic risk management position and highlighted the following points:

- a) Risk register presents updated risk assessment trends as at May 2023. The strategic risk register identifies a number of risks that have been on a downward trend for some time and are therefore recommended to be removed from risk register as those risks no longer require active management.

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

- a) A member noted only four A 11.1, A14.1 A16 and A21 which were on a downward trend. David Cameron, Director of Corporate Services and Deputy CEO confirmed the fifth as A20.
- b) A member noted that two risks for removal are on reputation and highlights the good works and communication activity bring undertaken.
- c) A member asked If A14.1 - adverse social media coverage - would return to the Risk register after a number of year or are we better at managing this risk. Director of Corporate Services and Deputy CEO noted that there will occasionally have one off incidents of adverse social media profiles in the future and suggested that ongoing monitoring is required for this risk area. If there is a trend of adverse social media activity then there will be a case to bring this risk back onto the strategic risk register as a consequence of its potential impact on overall reputational management.

## **Recommendations**

The Audit and Risk Committee is asked to

- a) Consider the coverage and adequacy of the Cairngorms NPA's strategic risk management position and advise on any gaps or amendments required to the current strategic risk register.



28. The Audit & Risk Committee approved in principle the adequacy of the proposed strategic risk register.

### **AOB**

29. David Cameron, Director of Corporate Services and Deputy CEO confirmed that an email will be sent to all committee members asking members to confirm they agree with all decision taken in principle at the meeting.

### **Date of next meeting**

30. Schedule date is 22 September 2023

31. The meeting concluded at 16:19