

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**held at the Steading room of the Am Fasgadh building in
Highland Folk Park, Newtonmore
on 11 May 2018**

Present:

Dave Fallows (Convener)	John Latham
Janet Hunter	Judith Webb

In Attendance:

Claire Robertson, BDO
Andrew O'Donnell, BDO
Grant Moir, Chief Executive
David Cameron, Director of Corporate Services
Danie Ralph, Finance Manager
Alix Harkness, Clerk to the Board

Apologies: Walter Wilson

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 2 February 2018 meeting were approved with no amendments.

Declarations of interest

3. There were no interests declared.

Matters Arising

4. David Cameron gave an update on the outstanding actions throughout and listed at the bottom of the 2 February 2018 Audit & Risk Committee Minutes:
 - a) At para 10b) – Update requested – David Cameron reported that nothing of specific relevance to Non departmental Public Bodies had been discussed at the meeting.
 - b) Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up for autumn 2016 – **Open** – David Cameron reported that they would no longer seek to coordinate dates with LLTNP prior to arranging training, and instead go ahead and set this up to meet CNPA requirements and then invite LLTNPA to participate.

- c) Full list of the audit recommendations in the Internal Audit Review Follow-up report to be collated and where management deem them no longer necessary for explanations of this to be included – **Open** – Workload issues caused this not to be completed for this meeting. Will be brought to the next meeting.

Internal Audit Review: Financial Reporting (Paper 1)

- 5. Andrew O'Donnell presented a Paper which presents the internal auditor's review on the Authority's Financial Reporting arrangements.
- 6. David Cameron advised that management had been pleased to see the report and the strength of the findings. He added that they were content with the two recommendations and had already acted on them.
- 7. The Audit & Risk Committee made the following comments and observations:
 - a) Observation made that when a new member joins the Board, a big folder containing lots of useful information is handed to the new member, was this still normal practise? David Cameron confirmed that it was normal practise however this audit recommendation was for a separate formal induction for new members of the Finance & Delivery Committee.
 - b) Agreement that a formal induction even if it was just an opportunity to talk through the information contained in the induction pack and an opportunity to ask questions would be useful. Grant Moir advised that there would be five new Board Members starting in October 2018 and set training could be organised for them and anyone from the existing Board who would like to attend could.
 - c) Could there be a separate induction for each Board Committee? Grant confirmed that it was possible and would be put in place in the autumn.
 - d) Suggestion was made to compile a brief induction pack for each specific Board Committee. Also suggestion of possibly including a section at the beginning of the meeting where members have the opportunity to ask questions prior to the meeting officially starting. This was agreed and Grant would work with Alix to pull it together and put it in place. Agreed that existing members of relevant Board Committees would also be encouraged to attend.
 - e) Suggestion made to have the induction pack for each Board Committee available on the corporate website.
 - f) Was there anything that members could sign up to, to receive notifications of any new relevant guidance? David advised that he received technical updates from Audit Scotland and when relevant he brings it to the Committee's attention at the appropriate meeting.
 - g) What did the term 'escalation variance' mean? David advised that the Finance team prepare reports for Management Team, and then those reports are prepared for the Finance & Delivery Committee. Currently, all budget variations tend to be reported. The recommendation suggested setting thresholds below which variations need not be reported, as representing minimal impact on financial position. Only variations above relevant reporting thresholds would be "escalated", i.e. reported. He advised that if thresholds are in place then *something* of low value but higher impact could be lost from reporting.

7. The Audit & Risk Committee:

- a) **Considered the internal auditor's findings on the Authority's Financial Reporting arrangements;**

- b) **Endorse the management responses to recommendations for action raised by the internal auditor.**

8. Action:

- i. **CEO and Clerk to the Board to work together to create an appropriate Board Committee specific induction pack to be implemented from October 2018.**

Internal Audit Follow Up Review (Paper 2)

- 9. David Cameron advised that this paper had not been ready in time for this meeting and would be brought to the next meeting.

- 10. **Actions: None.**

Strategic Risk Register Review (Paper 3)

- 11. David Cameron presented a Paper which presents a review of the Authority's strategic risk register in the context of the Authority's new Corporate Plan for 2018/2022 as agreed by the Board in March 2018 and subsequently approved by Scottish Ministers. An updated commentary on management's review of action taken and current risk status is also provided. He highlighted that the sponsor team confirmed that they were positive with the way the strategic risk register was laid out, and that it is clearly integrated into governance and management processes.
- 12. In discussion the Audit & Risk Committee made the following points:
 - a) With reference to LEADER on page 3 and the CNPA being the Accountable Body would there be a timing gap where LEADER funding finishes and there not being any funding available? David advised that the advice is that providing the contracts are issued and signed by 29 March 2019, then the funding under that contract will be honoured through the European Commission and LEADER. He advised that they were closely monitoring the situation. The risk with timelines in funding is recognised in risk A11 and comes when the Authority are claiming the funding back from the Scottish Government.
 - b) Comment made that the Authority should not become complacent with reference to risk A8 and that it would not be good to remove the risk even when 3 green downward arrows were showing. This was agreed.
 - c) With reference to Risk C2 suggestion made to keep it in the Risk Register for the Board meeting in June so that the Board can see that the mitigation is correct and that the Audit & Risk Committee are on top of things.
 - d) Suggestion made to highlight the top 5 risks to the Authority in the summary in the cover paper. This was agreed.
 - e) With reference to risk C2, one area identified as part of the Skills Audit of Board Members was the lack of understanding on land management and conservation. Plea was made that this is not forgotten.
 - f) Should the Europarc conference be added as risk apart from the Europarc risks associated with social media? Grant advised that sponsorship money was in place to cover costs. David added that as they were moving into the final five months before the event it would be good for the steering group to assess the risks associated with the conference and to identify how these risks can be managed.

- g) Why was risk A3 red? David confirmed that it was due to timing as the Authority is moving into a period of public Board appointments in September 2018 followed by the directly elected Board Members elections in March 2019. The rating of the risk recognises this timeline and the potential for 10 new Board members. David agreed to make it clear in the comments that there was no underlying issue only that the timing was the reason for the rating of this risk.
- h) With reference to risk A13 had any progress been made? It was confirmed that progress was being made however not enough to lessen the risk rating. David advised that the recommendations given by BDO as part of the IT Audit had been being acted upon; Avendris has been appointed to seek business process options such as CRMS stakeholder management and would soon go out to procurement. ThinkWhere had been commissioned to carry out an audit of GIS data held by the Authority. He added that he was happy to add more in the comments section to clarify the current situation.

I3. The Audit & Risk Committee considered:

- a) the review presented of the Authority's Strategic Risk Register.
- b) Whether members have any further updates which should be incorporated into the Strategic Risk Register, including any additional risks not currently incorporated.

14. **Actions:**

- i. To highlight the top 5 risks to the Authority in the summary of the cover paper to accompany the Strategic Risk Register to be presented to the Board at their next meeting on 15 June 2018.**
- ii. Europarc Steering group to assess the risks associated with the Europarc conference and to identify how these risks can be managed.**
- iii. Comments sections of risks A13 and A3 to be further expanded to make it clearer.**

Draft Governance Statement (Paper 4)

15. David Cameron presented a Paper which presents the draft Governance Statement for incorporation in the Authority's Annual Accounts for 2017/18. He highlighted that the italics wording at Para. 29 would be replaced with new wording when the annual report had been received from BDO.
16. In discussion the Audit & Risk Committee made the following observations:
 - a) Agreement that they were content with the statement.
 - b) Comment made that making the document as upbeat as possible while it sits within its requirements would continue to be challenging.
17. **The Audit & Risk Committee endorsed the draft Governance Statement for inclusion in the Authority's 2017/18 Annual Accounts.**
18. **Action: None.**

LEADER Update (Oral)

19. David Cameron gave an update on LEADER and reported that positive progress had been made since the last meeting. He made the following points:
- a) To date the LEADER Monitoring processes had proved frustrating.
 - b) The Scottish Government had cleared five claims for payment however £600,000 of claims were still waiting to be released. These funds had been paid by the Authority to community applicants and had been claimed back from central funds, with some claims outstanding for several months.
 - c) The External audit was scheduled to take place in the last week of June 2018 and the outstanding funds would need to start being paid before then to show that it would be forthcoming. This concern had been raised with the Authority's sponsor team.
20. In discussion the Audit & Risk Committee made the following points and observations:
- a) Praise for David Cameron and the work he has done to date as it helps minimise the Authority's exposure and risk going forward.
 - b) Would it be worth complaining? David confirmed that he had already submitted a formal complaint.
 - c) Who audits LEADER? The Scottish Government audit it for the Scottish LAGs, Audit Scotland are their external Auditors. The European auditors also audit it by taking a sample of projects from across Scotland.
 - d) Disappointment raised in the amount of time David Cameron has had to spend working on this as a result of the approach of the Scottish Government staff who were overseeing it.
21. **The Audit & Risk Committee noted this update.**
22. **Action: None.**

Complaints Log (Paper 8)

23. David Cameron presented a Paper which presents information on the number and nature of complaints received by the Authority since the last update on this subject to the Committee in February 2018. He explained that the first one was an ongoing complaint from one person, and that he was tempted to close it off, tell them they had exhausted the Authority's complaints system and direct them to the ombudsman. This was agreed by the Audit & Risk Committee.
24. **The Audit & Risk Committee accepted the information on complaints made to the Authority.**
25. **Action:**
- i. **David Cameron to close off first complaint listed in table by telling the complainant that they had exhausted the Authority's complaints system and to direct them to the ombudsman.**

Cyber Resilience Action Planning (Oral)

26. David Cameron gave an update on Cyber Resilience Action Planning and reported that positive progress had been made since the last meeting. He made the following points:

- a) IT security and development - penetration testing of servers with Loch Lomond & Trossachs National Park, to ensure as secure as possible was being arranged.
 - b) 6 companies for this mandatory audit had been identified.
 - c) However timing had slipped as it had not been possible to secure any of their time by the time of writing this paper (end April).
27. In discussion Members made the following observations and comments:
- a) Did other companies have capacity to begin the work earlier? David Cameron advised that the Authority should have submitted the request sooner.
 - b) Was a specialist in place to carry out the penetration test? David Cameron confirmed that a specialist had been secured by staff at Loch Lomond & Trossachs National Park.

28. The Audit & Risk Committee noted the update.

29. **Actions: None.**

Any Other Competent Business

30. David Cameron reported progress on the full accounts for 2017–18. He reported that that they were currently £12,000 overspent, on a turnover of £6,000,000, with the variance of 0.02%.

Date of Next Meeting

31. 31 August 2018, The Art & Committee room, The Community Hall, Boat of Garten.
32. Meeting closed 10.27 hours

Audit & Risk Committee: Outstanding Actions

Action	Status
Joint Training with LLTNP Audit Committee, CNPA Audit & Risk Committee and BDO to be set up. (April 2016 meeting)	Open - to take place Autumn/ Winter 2018/19
Full list of the audit recommendations in the Internal Audit Review Follow-up report to be collated and where management deem them no longer necessary for explanations of this to be included. (September 2017 meeting)	Open - Hoped to be brought to the next Audit & Risk Committee meeting on 31 August 2018.
CEO and Clerk to the Board to work together to create an appropriate Board Committee specific induction pack to be implemented from October 2018. (May 2018 meeting)	Open – scheduled to be in place from October 2018.