



## **Audit and Risk Committee Minutes**

**Held Online on 27 September 2024 at 12.30**

### **Present:**

Fiona McLean (Chair)

Peter Cosgrove (Deputy Chair)

Bill Lobban

Geva Blackett

Paul Gibb

Duncan Miller

### **In Attendance**

Grant Moir, Chief Executive Officer

David Cameron, Director of Corporate Services and Deputy CEO

Gavin Miles, Director of Planning and Place

Louise Allen, Head of Finance and Corporate Operations

Gregory Oduor, Mazars

Stephanie Hume, Azets

Alix Harkness, Clerk to the Board

**Apologies:           None**

### **Welcome and introduction**

1. Fiona McLean, the Chair welcomed everyone to the meeting.

### **Approval of minutes of previous meeting**

2. The draft minutes of the meeting on the 21 June 2024 were approved with no amendments.

### **Matters arising not covered in agenda**

3. Updates on outstanding actions as summarised in the table at the end of this minute were noted.

### **Declarations of interest**

4. No interests declared.



## **2023/24 Final Accounts (Paper 1)**

5. Louise Allen, Head of Finance and Corporate Operations presented the paper which presents and seeks approval to the annual report and accounts for 2023/24 prior to their being submitted to Audit Scotland for final certification. Louise outlined the main sections of this report and presented the key results for the 2023/24 financial year.

*Grant Moir arrived at 12.56*

6. The Audit and Risk Committee discussed the report and made the following comments and observations:
  - a) The Chair praised the excellent results and well written report and expressed her gratitude to the Head of Finance and Corporate Operations and the wider team with special mention to Daniel Ralph, Finance Manager, for the amount of work done in bringing this document together.
  - b) With reference to the CEO's section in the foreword, the National Lottery Heritage fund should be written out in full and not just the first two words.
  - c) Resounding praise for the minimal overspend of £4k which was an excellent turnout and recognition that it was difficult to balance to the dot when dealing with such large sums of money.
  - d) With regards to the percentage of reduction in CO2 emissions by 2030 on page 50 a member noted that this differs to the comment on p64 on overall accountability report, could it be clarified which was the correct percentage? Director of Corporate Services and Deputy CEO confirmed that the correct figure was 59 tonnes so 60% reduction CO2 emissions by 2030.
  - e) Director of Corporate Services and Deputy CEO highlighted that there have not been any changes in accounting policies to bring to members' attention, nor does management think there have been any estimates that need highlighted to the Audit and Risk Committee.
  - f) The Chair asked if next year there would be different accounting requirements? Head of Finance and Corporate Operations confirmed there would be slight changes and the external auditor would relay these as they come up.
7. The Audit and Risk Committee approved the annual report and accounts prior to submission to Mazars and Audit Scotland for final certification subject to two amendments:
  - a) National Lottery Heritage Fund to be written out in full in the CEO's foreword.



- b) Percentage of reduction in carbon emissions to be corrected so that the figures match throughout the document.

8. Action points arising:           None.

### **External audit update (Paper 2)**

- 9. Gregory Oduor, the external auditor, Mazars presented the report on the audit of the annual report and accounts for 2023/24.
- 10. The Audit and Risk Committee discussed the report and made the following comments and observations:
  - a) The Chair thanked the team for their great work and expressed satisfaction to receive the reassurance the external auditors provide.
  - b) The Chair queried where it said it was best value for the committee to self-assess their performance annually? Gregory Oduor, Mazars clarified this was referring to the National Park Authority and not the Audit and Risk committee.
  - c) Director of Corporate Services and Deputy CEO advised that they were not anticipating any delays, aiming to get the full accounts signed off by end of October. There is an internal deadline for audit firms to sign off accounts by 31 October and they were working to achieve that. He commented that they were ahead of timetable from last year. If anything of materiality arose he would alert the chair and deputy chair. He is not anticipating that or any delay in timetable to sign accounts. Tom Reid, Mazars has suggested for transparency to bring the final report following accounts sign off to the next meeting in November for information.
- 11. The Audit and Risk Committee:
  - a) Considered the auditor's report and findings.
  - b) Considered the draft management representation letter provided within the report and approve it for signature by the Accountable Officer.

12. Action points arising:           None.

### **External audit assurances (Paper 3)**

- 13. Gregory Oduor, Mazars presented the paper that presents the Request for information from Management and Those Charged with Governance prepared by Mazars.



**14. The Audit and Risk Committee:**

- a) Considered the auditor's request for information and Management's response to this.
- b) Provided assurance that its governance extends to cover the items on which assurance is requested.
- c) Agreed the information as set out in the draft response submitted as part of the committee's meeting papers

**15. Action points arising:           None.**

**Internal audit plan 2024/25: Operational and financial planning  
(Paper 4)**

- 16.** Stephanie Hume, the Internal Auditor, Azets presented the paper that presents the review of the annual operational planning process at the Cairngorms National Park Authority, including how operational plans are developed alongside, and the extent to which they are integrated within, the annual financial plan. The review considered the cycle of spending and monitoring of spend throughout the year to achieve the operational plan, and the link to the delivery of corporate outcomes, including the use of scenario planning. Stephanie outlined the recommendations for improvement that had been made by the audit team, noting in this instance one of the recommendations had not been agreed by the management team.
- 17.** Director of Corporate Services and Deputy CEO advised that he welcomed the work done and the report which they found very helpful. He explained that unusually there was disagreement on one of the recommendations. He saw quite an overlap in recommendations 2.1 and 3.1. He said 2.1 was a good proposal and agreed there is a need to do more at a governance level looking at key assumptions given the heavy reliance on external funding, and it would be more and more important to model where the organisation may be in future years. He explained that the reasoning behind not agreeing with the detail at 3.1 was it was considered impossible to adhere to the spirit of this recommendation without getting into detail of possible, specific budget changes and considered it was not legitimate to seek to consider those at a governance level under a confidential banner. He was aware of instances of the Information Commission instructing organisations to release that type of information, with the organisation then faced with a risk of reputational damage.



18. The Chair invited the Audit and Risk Committee to discuss the report and specifically management's reasoning for not agreeing with the detail in recommendation 3.1. They made the following comments and observations:
- a) Comment made that the management response was balanced and clear and was therefore happy to support the officer's recommendation.
  - b) The Chair commented that she agreed on the sensitivity and reputational risk given public interest in our activities, which appeared much higher than many other boards she was aware of. She added that if the Committee agreed today to accept the management recommendation, this would seem reasonable given the balance of risk and public scrutiny implications of putting things out in public domain which could set hares racing.
  - c) A member asked if it could be confirmed what the auditor's response to the rationale provided by management was? Stephanie Hume, Azets advised that she appreciated Director of Corporate Services rationale for the position taken. She advised that these things are seen as good practise however it was acceptable for an organisation not to accept all the recommendations so long as the Audit and Risk Committee were in agreement with that.
  - d) Director of Corporate Services advised that they would ensure that balance is struck. Plans in place to have a budget discussion in December with the Board working towards budget paper going before the Board in March. He advised he felt the position between recommendations at 2.1 and 3.1 was actually quite nuanced and it may well be the case that once the audits had sight of the type of material planned for the board session in December, they would be more assured of the levels of information being presented and approach to scenario planning being taken.
  - e) The Chair welcomed this proposal and invited the Director of Corporate Services and Azets to work together on this and to come back to the Committee with how they feel this is working in terms of Committee assurance.
  - f) A member commented that the Board were really concerned about budget cuts and would support management working with Azets to find common agreement.
  - g) The Chair added that if they could come to a compromise that everyone was reasonably content with, this could be revisited at the end of reporting year. Stephanie Hume agreed the Azets internal audit team would work with the staff team to review and report back on this matter.
19. The Audit and Risk Committee:
- a) Considered the internal auditors report and findings.



- b) Endorsed the management responses to recommendations for future action and improvements.

20. Action points arising:

- i. **Update on internal audit view on financial scenario planning to be provided to the Audit and Risk Committee at the end of the financial year.**

### **Internal audit progress report (Paper 5)**

21. Stephanie Hume, Azets presented the report on progress against the internal audit programme for 2024 / 25 prepared by Azets.

22. The Audit and Risk Committee Chair queried that there were a lot of pieces of work scheduled to come before the committee in April 2025 and asked for reassurance that this was achievable? Stephanie Hume confirmed that they were happy with that and had time held for staff and no issues with the timetable.

23. The Audit and Risk Committee considered the auditor's report and progress made.

24. Action points arising:                      None.

### **Strategic risk registers (Paper 6)**

25. Louise Allen, Head of Finance and Corporate Operations presented the paper which supports a review by the Committee of the Park Authority's strategic risk management position.

26. The Chair questioned R3 procurement and the delay in training: could an exception be made given the criticality of it? Head of Finance and Corporate Operations advised that the new Procurement Manager may be able to give inhouse training once he has a few months to get into the organisation and develop our processes. At present he was raising the profile of procurement informally in the organisation. Director of Corporate Services and Deputy CEO confirmed that some of the budget could be considered to be used for business critical training purposes and procurement training would not be limited by current budget management policies.

27. The Audit and Risk Committee:

- a) Considered the coverage and adequacy of the Park Authority's risk management position as set out in both the
  - i. strategic risk register and



- ii. the Cairngorms 2030 programme risk register.
- b) Advised on any gaps or amendments required

28. Action point arising: None.

### **Audit and Risk Committee annual report (Paper 7)**

29. David Cameron, Deputy CEO and Director of Corporate Services presented the draft Audit & Risk Committee Report for consideration prior to submission to the Board.
30. The Audit and Risk Committee discussed the report and made the following comments and observations:
- a) The Chair commended the report and noted at paragraph 27 our newer service areas have pushed risk recommendations higher, management are recognising risk areas and ensuring the Committee have sight of them.
  - b) The Chair advised that she warmly welcomes the priority focus on internal controls by our management.
  - c) With reference to paragraph 24, she praised the work of the Head of Finance and Corporate Operations and her team and explained she has strengthened the professionalism of our accounting system which was tremendous to see. The Chair extended her thanks to the Director of Corporate Services and Deputy CEO and said that this was testament of the good job they were all doing.
  - d) A member queried newer work streams areas and prior mention of clarification of legal elements for peatland teams on site: had the work gone ahead or had it been halted as a result of the budget cuts? Director of Corporate Services and Deputy CEO advised that the work has been going ahead, with a legal framework in place to establish roles responsibilities of National Park staff in context of land manager and construction team roles. Following staff changes the new management structure is becoming embedded and training going on, following which the value of the legal framework and documents established would be reviewed. The programme is not impacted by other considerations.
  - e) Director of Corporate Services and Deputy CEO added that a range of documentation such as Memorandums of Understanding are being drawn up to support the range of partnerships the Park Authority has across its range of work. However, this document infrastructure work was not yet finished but they were substantially further ahead that were before.
31. The Audit and Risk Committee considered the report to its circulation to the Board at their next meeting on 22 November 2024.





32. Action points arising: None.

### **Procurement action plan (Paper 8)**

33. Louise Allen, Head of Finance and Corporate Operations presented an action plan towards improvement of the Park Authority's procurement processes, procedures and internal controls. It has been developed in response to the Internal Audit review of procurement carried out by Azets as part of the approved 2023 / 24 audit programme.

34. The Audit and Risk Committee discussed the report and made the following comments and observations:

- a) The Chair requested a further update on the work of the procurement officer is doing at the next meeting of the Audit and Risk Committee in November.
- b) A member highlighted that the main board were concerned with 'procurement issues' and when progress is made, it would be useful to highlight improvements made to the board now have a procurement officer in place. The CEO agreed to mention it in his next CEO report.

35. The Audit and Risk Committee reviewed progress made against each activity in the programme for improvement developed by management.

36. Action points arising:

- i. **Further update on progress made to be brought to next meeting.**
- ii. **CEO to mention the impact the Procurement Officer is making in the organisation within his next CEO report for Board meeting on 22 November 2024.**

### **Procurement Strategy (Paper 9)**

37. David Cameron, Deputy CEO and Director of Corporate Services presented the draft procurement strategy, developed following the review of procurement carried out by Internal Audit, as part of their programme of work for 2023/24, and in accordance with the recommendations made by the Auditor.

38. The Audit and Risk Committee discussed the report and made the following observation:





a) The Chair queried why there was nothing on relevant staff who have procurement responsibilities having training, developing understanding, knowledge and training should it be included in the strategy? Director of Corporate Services and Deputy CEO advised that there was a section on the role of the Procurement officer and their role in training. However, he would ensure there is something explicit in the strategy about the need for appropriate staff training.

39. The Audit and Risk Committee considered the procurement strategy and advised on its suitability as a basis for development of processes and procedures.

40. Action points arising: None.

## **AOCB**

41. No items presented.

42. Motion to take the next item in confidential session.

43. The public business of the meeting concluded at 14.10 pm

44. The next meeting is on 8 November 2024.

Ref	Action Detail	Who	When	Status
24/11/23	Review accounts figure for consultancies (page 68)	Louise and David	Look when finalise the 23 / 24 accounts, highlight to the Committee at that point.  Reviewed and corrected the figure by Mazars, will come with draft accounts.	Closed
Ref	Action Detail	Who	When	Status
27/06/24	At para 15b 1 Monthly update on progress to be	David and Louise		Ongoing



	provided by officers to the Chair and Deputy Chair of the Audit and Risk Committee.			
27/06/24	At para 19a 1 Add procurement at 12th risk (strategic risk register) At para 19c Update wording on Impact description on risk 7 (C2030 risk register) At para 19d Review and amend (as appropriate) the probability score for risk 4 (C2030 risk register)	David		Closed
27/09/24	At para 20i Update on internal audit view on financial scenario planning to be provided to the Audit and Risk Committee	David and Stephanie	At the end of the 24/25 financial year.	
27/09/24	At para 36i Further update on progress made to Procurement Action Plan At para 36ii CEO to mention the impact the Procurement Officer is making in the organisation within his	Louise  Grant	To next meeting on 8 November 2024  Next Formal Board meeting on 22 November 2024	



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	next CEO report for Board meeting on 22 November 2024.			
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