

National Park Authority

Audit Committee Meeting



Draft minutes of Meeting held on 10th March 2015 (recirculated)
 Robert Grieve Suite, Carrochan, Carrochan Road, Balloch

Present: Lindsay Morrison (Chair)
 Angus Allan (AA)
 David McCowan (DMcC)

In Attendance: Gordon Watson, Chief Executive Officer (GW)
 Jaki Carnegie, Director of Corporate Services (JC)
 Catriona Morton, Finance and Performance Manager (CM)
 Matthew Swann, KPMG (MS)
 Asif Haseeb, Audit Scotland (AH)
 Andrew Shaw, KPMG (AS)
 Sharon McIntyre, Committee Officer (SM)

Apologies: James Robb (JR)
 Hazel Sorrell (HS)
 David McKenzie (DMcK)

Item	Title / Discussion	Action by
1	<p>Welcome and Apologies</p> <p>The Chair welcomed those present to the meeting and confirmed that the meeting was quorate.</p> <p>Apologies were received from JR, HS, DMcK and KB.</p>	
2	<p>Declarations of Interest</p> <p>No declarations of interest were made. The Chair advised that agenda item 12, Tendering for Audit Services 2014/17, will be moved to the end of the agenda. Audit Scotland and KPMG confirmed they would leave the meeting at this point.</p>	
3	<p>Minute of previous meeting held on 18th November 2014</p> <p>The minutes were agreed as an accurate record of the meeting and were proposed by DMcC and seconded by AA.</p>	
4	<p>Matters Arising</p> <p>JC advised that the best value self-assessment will be completed in time for the external audit in May and is also covered in agenda item 14 today.</p> <p>JC outlined that it is proposed that Board Training will be scheduled in the autumn. JC noted that Sandra Dalziel, Governance Manager and our new Board member James Stuart will be attending On Board training next week. If this training is suitable this will be rolled out for all Board members. JC</p>	

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	<p>highlighted that the Code of Conduct document has been recently updated and will be circulated to members next week at the March Board meeting.</p> <p>DECISION: Members noted the report.</p>	
5	<p>Project Management Audit</p> <p>CM introduced this report advising that there was one high rated finding and that action had already been taken to remedy this rating. One moderate and five low findings were also noted.</p> <p>CM outlined that this high rating related to the completion and approval of project initiation documents (PID) prior to the commencement of projects. CM detailed that a high recommendation highlighted a high level of potential risk. CM advised that following this recommendation the PID process has been reviewed and simplified to ensure completion prior to commencement. The revised process has been communicated to Managers and Heads of Service and further training is planned to ensure that this process is embedded throughout the organisation. CM advised that this finding was reported immediately to the Executive team and prompt action was taken to reduce potential risks and therefore the management response was appropriate.</p> <p>JC advised that this potential risk will be reported at Delivery Group. LM noted this and advised that he was happy for this to be monitored at Delivery Group as part of the reporting of statutory compliance and was satisfied that the response to this high rating finding was managed appropriately.</p> <p>AS noted that the five low findings were to make the process robust and efficient.</p> <p>The Chair outlined that project management is critical and key to delivery and welcomed these updates to the process.</p> <p>DECISION: Members noted the report.</p>	
6	<p>Fixed Asset Register Audit</p> <p>CM introduced the report by outlining that in internal audit of the fixed asset register was carried out in January. CM noted that three low risk findings were established.</p> <p>CM identified that at present an Excel spreadsheet is used for this purpose and it has been suggested that a specialised software system would be more beneficial to record fixed assets.</p>	

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	<p>JC advised that at present Scottish Government are still to advise on the most suitable IT systems for this purpose and this is the direction of travel.</p> <p>MS advised that through using a recognised system edits to the document are logged and a history provided.</p> <p>The Chair requested that the approach to be taken was agreed before the next Audit Committee.</p> <p>DECISION: Members noted the report.</p>	
7	<p>Records Management Audit</p> <p>CM introduced the report which was provided as a late paper. CM noted that there is one low risk finding in relation to 'areas of future focus' and this is accounted for through the post implementation phase of the records management system. The Chair advised that this has been implemented well.</p> <p>MS advised that this is in final form from the Park Authority's perspective with the Cairngorms National Park Authority actions still to be completed.</p> <p>DECISION: Members noted the report.</p>	
8	<p>Outstanding Actions Update</p> <p>CM advised that from the outstanding actions from 2011-2013, two of these have been cleared, these were in relation to purchase invoice authorisation and new supplier checks. Two of these actions are remaining and will be carried forward. These were in relation to the community engagement / stakeholder satisfaction and the business barometer.</p> <p>Members were advised that in relation to the community engagement / stakeholder satisfaction a stakeholder tracker has been used for the Your Park Project. Additionally this is included in our 2015-16 plan as an objective. We will also continue to engage with our key partners in completing our objectives in the delivery of the National Partnership Plan, Corporate Plan and the Annual Operational Plan.</p> <p>In relation to the business barometer a visitor survey will be rolled out over the coming year.</p>	

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	<p>CM advised that from 2013/14 there were seven outstanding actions at the last Audit Committee meeting. To date six of these actions have been cleared. The remaining action will be included in our response and self-assessment in relation to the Best Value guidelines.</p> <p>CM outlined that in the current year audit there are sixteen actions arising from four internal audits completed during 2014/15: payroll and pensions, project management, the fixed asset register and records management. Of these actions one of these is high, two are moderate and 13 are low rated actions. CM detailed that seven of these actions have been cleared and the remainder are on track to be managed within the next year.</p> <p>DECISION: Members noted the report.</p>	
9	<p>Audit Scotland plan and fee for 2014/15 Audit – Audit Scotland</p> <p>AH introduced the report outlining that this is the proposed plan and timetable for the forthcoming external audit.</p> <p>AH highlighted that Audit Scotland now disclose audit materiality levels and that paragraph 15 shows the planning materiality of £85,000 and performance materiality is shown in paragraph 16 as £60,000. All misstatements greater than £1k will be reported.</p> <p>AH noted that Exhibit 1: Financial statements audit timetable has been agreed with management as achievable.</p> <p>AH highlighted that two new risks have been outlined in the report and these are in relation to income and management override of controls.</p> <p>AH outlined that appendix two outlines the issues identified, the actions planned and the how these issues will be reviewed.</p> <p>AH advised that Members are requested to approve the 2014/15 audit fee of £10,200 outlined in paragraph 42, page 10 of Audit Scotland's Annual Audit Plan.</p> <p>The Scotgold contingent asset was noted by Members.</p> <p>Capitalisation of staff time for projects was discussed by Members. JC advised that this allows the cost of staff to be charged to a project.</p> <p>The income figure was discussed by Members. JC and CM advised that this figure is in line with prior year actual results and the budget for 2015/16.</p>	

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	<p>DECISION: Members approved the fee for audit, in line with proposals as set out in Paragraph 42, Page 10 of the attached Audit Scotland's Annual Audit Plan.</p> <p>DECISION: Members approved the assurances that mitigate the significant audit risks highlighted by Audit Scotland (pages 13-15 of Appendix 1).</p>	
10	<p>Draft Governance Statement for inclusion in 2014/15 Accounts</p> <p>JC outlined that the draft governance statement on internal control is required for inclusion in the annual accounts statements.</p> <p>AA noted that section 3.4 details that 'the control framework provides reasonable assurance regarding the effective and efficient achievement of the strategic objectives' on page five of the report. AA outlined that he felt that this should detail 'significant assurance' in this section of text.</p> <p>AS advised that KPMG internal audit opinion would be revised to state 'the control framework provides significant assurance regarding the effective and efficient achievement of the strategic objectives'.</p> <p>ACTION: Draft Governance Statement, section 3.4 on page five of the report to be updated to detail 'the control framework provides significant assurance regarding the effective and efficient achievement of the strategic objectives'.</p> <p>LM noted that for future years it would be helpful for the sections that have been updated to be highlighted.</p> <p>AH advised that it would be beneficial to include a paragraph to outline that a new Chief Executive Officer has been appointed.</p> <p>ACTION: CM to include a paragraph in the Governance Statement to advise that a new Chief Executive Officer has been appointed.</p> <p>DECISION: Members confirmed the appropriateness of assertions made in the draft Governance Statement on internal control prior to its inclusion in the draft accounts for 2014/15 and subsequent signature by the Chief Executive.</p>	<p>CM</p> <p>CM</p>
11	<p>Draft Annual Report by Audit Committee to Board of Activity in 2014/15</p> <p>CM introduced this report advising that it is recommended that in the future this report covers the period from August to July and is as a result presented to the September Audit Committee and then the September Board. The first report within the new timelines would be September 2016.</p>	

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	<p>CM advised that to aid this change the current report has been extended to capture from December 2013 to February 2015. Current reporting would normally capture from December 2013 to November 2014.</p> <p>DECISION: Members agreed that moving forward that this report should capture the period from August to July and is therefore presented to the September Audit Committee and then the September Board.</p> <p>AS advised that previously a meeting has taken place between KPMG and the Park Authority to review the internal audit findings. It was agreed by Members that this should take place for 2015.</p> <p>ACTION: Catriona Morton to schedule meeting with KPMG to discuss the internal Audit findings.</p> <p>It was advised by Members that it would be beneficial for the summary of the internal audit findings, detailed on page three of the report to detail whether the findings were from 2013/14 or 2014/15.</p> <p>ACTION: Catriona Morton to update 2015/16 draft annual report so that internal audit findings show the financial year in which the work was completed (see page three of the draft annual report by Audit Committee).</p>	<p>CM</p> <p>CM</p>
13	<p>Corporate Risk Register</p> <p>JC introduced the report advising members that the Corporate Risk Register is currently presented annually to the Audit Committee and reviewed quarterly by the Executive. Due to recent updates to the Corporate Risk Register it was agreed to provide Audit Committee with the updated Corporate Risk Register.</p> <p>JC brought to members' attention the new risk in relation to the Association of National Park Authorities (ANPA). Members discussed the risk and agreed that it was not high risk and the likelihood rating be reduced to 2.</p> <p>ACTION: Likelihood figure of new risk in relation to ANPA (outlined on page fifteen of 2014-15 Corporate Risk Register) to be reduced from 3 to 2 by Jaki Carnegie.</p> <p>Members discussed the process by which items move on and off the risk register. It was agreed by Members that it would be helpful to see the process by which the Corporate Risk Register is revised on an annual basis. Members also requested that they see the specific list of risks that are proposed as being removed so that they can then advise that they are</p>	<p>JC</p>

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	<p>satisfied for these items to be removed from the Corporate Risk Register.</p> <p>ACTION: JC to identify as a separate list the risks that are proposed to be removed for members to consider.</p> <p>AA provided the example of item fourteen on the Corporate Risk Register, he advised that this should still be included in the 2015-16 Corporate Risk Register until Board training has taken place.</p> <p>ACTION: Executive to still include item 14 in the 2015-16 Corporate Risk Register until Board training has taken place.</p> <p>JC advised that a control process would be outlined for the Corporate Risk Register and presented to the Audit Committee for approval.</p> <p>ACTION: JC to outline control process for Corporate Risk Register to include process on tracking reoccurring risks.</p> <p>DECISION: Members noted the report and were satisfied with the 2015-16 draft Corporate Risk Register with the inclusion of the previous risk No.14 and a summary of the risks being removed being agreed.</p>	<p>JC</p> <p>JC</p> <p>JC</p>
14	<p>Best Value in Public Services</p> <p>CM introduced the paper outlining that we have yet to formally report on the Best Value in Public Services, Guidance for Accountable Officers.</p> <p>CM advised that five generic themes and two cross-cutting themes are reviewed as part of this report within the overarching aim to “make arrangements to secure continuous improvement in performance while maintaining an appropriate balance between quality and cost; and to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.” CM noted that as part of our reporting we undertake a self-assessment on the best values outlined.</p> <p>CM advised that we will complete the report in time for Audit Scotland to audit it as part of the year end process. CM outlined that we should be using the Best Value terminology as a matter of course in our reporting.</p>	
15	<p>Any Other Business</p> <p>No items were raised.</p>	

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12	Tendering for Audit Services 2015/17 <i>MS, AS and AH left the meeting. Agenda item twelve was then held in a closed session.</i>	
16	Date of Next Meeting The next Audit Committee meeting is scheduled for Tuesday 23 rd June 2015 at 3pm.	

Signed _____
L. Morrison, Chair

DRAFT