

National Park Authority

Audit & Risk Committee Meeting



Minutes of Meeting held at 2.00pm on 3rd December 2019
 Robert Grieve Suite, National Park Headquarters, Balloch

Present: Ronnie Erskine (RE) (Chair)
 Graham Lambie (GL)
 David McCowan (DMcC)
 Christopher Spray (CS)

In Attendance: Gordon Watson (GW), Chief Executive Officer
 Pete Wightman (PW), Director of Corporate Services
 Colin McDougall (CMcD), Audit & Risk, West Dunbartonshire Council (WDC)
 Andi Priestman (AP), Chief Internal Auditor, Inverclyde Council
 John Boyd, Senior Manager, Grant Thornton
 Eilidh McKerry, Finance Manager (EMcK)
 Deborah Spratt (DS) (Clerk)

Observing: Mark Borthwick (MB)

Apologies: Heather Reid (HR)

Item	Action	Action by
1	<p>Welcome and Apologies</p> <p>The Chair welcomed everyone to the meeting and noted apologies from HR.</p> <p>The Chair extended his welcome to PW to his first meeting of the Committee and to AP who will be taking over from CMcD from January. Thanks were extended to CMcD for his time served as Internal Auditor and Members wished him all the best for his retirement.</p> <p>There were two members of the public in attendance.</p>	
2	<p>Declarations of Interest</p> <p>There were no Declarations of Interest from Committee Members.</p> <p>Internal Auditor, CMcD and AP noted that they would withdraw from the discussion at item 15.</p>	
3	<p>Minutes of Meeting held on 10th September 2019</p> <p>The Minutes of the meeting held on 10th September 2019 were proposed by CS and seconded by GL.</p>	

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4	<p>Matters Arising</p> <p>GW confirmed that all actions were now closed with only two open actions, one being further discussion on the sequence of meetings which will be discussed under Agenda Item 8 and the second being the approval of accounting policies which will be considered at the March 2020 Audit and Risk Committee.</p> <p>A member asked about Health and Safety policy and training. PW confirmed that a number of Health and Safety initiatives are underway across the organisation. The Health and Safety policy has now been launched and there will be a programme of training for Managers in quarter 4 2019/20.</p> <p>ACTION: Members agreed to close off the approval of accounting policies (item 5.4) from the 5th March Committee meeting as this will be covered within the Policies list and will be on the Agenda for discussion at the March Committee meeting.</p>	DS
5	<p>Controls Risk Self-Assessment including GDPR</p> <p>EMcK/CMcD presented the paper on the recent internal audit undertaken by WDC on Controls Risk Self-Assessment including GDPR.</p> <p>Two actions of a minor nature were found relating to procedures for theft and bomb threat and EMcK confirmed that these will be completed and updated by the end of the financial year.</p> <p>Members were pleased to note the report and CMcD thanked all staff for their time and assistance in this audit. There are two further audits to be completed this financial year: one on Sickness Absence, and the other an Independent Assurance Review of the Environmental Monitoring Framework that is used to report on Your Park. These will be completed in quarter 4 2019/20 and reported at the next meeting of the Committee in March 2020.</p>	
6	<p>Outstanding Actions Update</p> <p>Appendix 1 – Internal Audit Recommendations</p> <p>EMcK presented the Outstanding Actions update which provides an update on the outstanding actions arising from the Internal and External Audit work.</p> <p>EMcK reported that of the eleven internal audit actions, two are now complete. There are nine outstanding actions remaining, eight at low risk and one at medium risk.</p>	

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	<p>There are four actions behind original schedule due to capacity issues within the Access team. Five are on track, with one partially completed.</p> <p>EMcK advised that following the presentation of the final external audit report for 2018/19 at the September Committee meeting, the three recommendations have now been added in to the list of outstanding actions. EMcK confirmed that these actions are all on track. It was noted that the risk reference for these actions differ from the Internal Audit as External Audit do not rate risk weight recommendations, hence the N/A rating.</p> <p>The following points / actions were noted:</p> <ol style="list-style-type: none"> 1. As raised at the previous meetings, the nature of managing access issues and complaints remains difficult to quantify and therefore there may be difficulty in identifying a meaningful KPI. Members noted that discussions are taking place and that the Access Manager may investigate whether other access authorities have KPIs. Members are interested to hear the feedback from those discussions. 2. Members requested that just titles are referred to in the responsibility column. <p>Appendix 2 - Policies</p> <p>Members noted the update on the list of policies and the following points were discussed:</p> <ol style="list-style-type: none"> 1. Members continued to raise a concern with the various review dates for the Digital Preservation policy, GW explained that this was due to significant project delivery pressures and workload issues within the team. Members were reassured that the Team are engaged with this process and that there is a low risk from digital record disposal. The issue of managing the retention of personal data was highlighted. Members are happy to continue to be updated on this. 2. It was noted that it is almost nine years since the last review of the Asset Management policy. EMcK explained that the policy review is in progress and an Asset Programme project has been launched, which has re-scoped the asset policy requirements. This has resulted in three separate projects; the Asset Register, Estates Database and Asset Management projects. The previous Asset Management policy included the accounting for assets. This has been updated and included in a new policy (Accounting for Property, Plant and Equipment and Intangible Assets). The Estates Database project is progressing and the remaining strategic policy for Asset Management will be reviewed in 2020. 	<p>SJ/KA</p>

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	<p>3. Members were pleased to note that we are on track for completion of our Records Management Plan which is due to be submitted by 10th December.</p> <p>4. GW confirmed that the Management Statement and Financial Memorandum is still sitting with Scottish Government colleagues. This is however near to finalising with just a couple of matters to be concluded.</p> <p>Members noted the paper and were content with the progress being made, noting the reassurances made by GW on reasons for delays to review dates.</p>	
7	<p>Draft External Audit Plan 2019/20</p> <p>JB presented Grant Thornton's draft external audit plan for 2019/20. JB noted the main risks around fraud in expenditure recognition, management override of controls, valuation of property, plant and equipment and the defined benefit pension scheme.</p> <p>EM and JB noted that Hymans Robertson provide an annual actuarial valuation of the pension scheme. For the 2019/20 audit, PWC will undertake an independent review of the actuaries' assumptions on behalf of external auditors. Grant Thornton will rely on this review to support their audit testing of the actuarial valuation of the pension scheme in the accounts. There is a risk that this could result in a delay in the completion of the 2019/20 audit sign off. Further discussions will be held between the Authority and the External audits on the impact of this review on the timing of the annual accounts sign off.</p> <p>DECISION: Members were pleased to note the Plan and noted that fees have yet to be communicated.</p>	
8	<p>2019/20 Annual Accounts Timetable Approach</p> <p>The Chair presented the options for consideration in relation to the sequencing of the reporting of the Annual Accounts and outlined the pros and cons for each of the options.</p> <p>ACTION: It was agreed that PW/EMcK should investigate what the sequencing is for other bodies reviewing their annual accounts and report back to Committee.</p>	EMcK/MG

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	<p>Members agreed that this would provide them with more reassurance on their agreed approach if they knew what other organisations are doing.</p> <p>DECISION: Members agreed to maintain the current ordering, taking into account the advantages and disadvantages of each option. Board will review near-final accounts and the Audit and Risk Committee will review the full package of assurance including External Audit Report, Best Value report, Letter of Representation, Statements of Assurance and Internal Audit Assessment. Following the June meeting the full Board will receive an update by correspondence, including details of any material adjustments since the Board meeting, following the Audit and Risk Committee meeting and prior to the final Accountable Officer sign-off.</p>	
9	<p>Risk Policy PW presented the paper on the Risk Policy.</p> <p>Members discussed the paper and the recommended scope at length and agreed with the principles suggested which will cover Risk Management and Risk appetite and tolerance.</p> <p>Members made the following suggestions to consider:</p> <ul style="list-style-type: none"> • Transparency / visibility / communication • Risk culture • Evidence based • Role of horizon scanning for identifying risks • Risks for future generations • Acknowledge Scottish Government priorities • Need to develop the right processes for the staff to identify and manage risk • Clear definition of risk is important • Need a graded scoring system and build in some criteria • Materiality needs to be considered • Project risks also need a management process • How do we keep risks under review <p>AP added that Internal Audit would be happy to feed in to the framework and provide any advice but noted a potential conflict in auditing the policy and framework if they were involved in the design.</p>	

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	Members were content with the recommended principles and scope for the policy taking into consideration their points as outlined and look forward to seeing the draft policy for discussion at the next meeting of the Committee in March 2020.	
10	Any Other Business There was no other business discussed.	
11	Date of Next Meeting The next meeting will be held at 2pm on Tuesday 10 th March 2020.	

Signed _____

Ronnie Erskine, Chair