

National Park Authority

Audit & Risk Committee Meeting



Minutes of Meeting held at 2.00pm on 8th September 2020
 Lifesize Virtual Meeting

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

In Attendance: Gordon Watson (GW), CEO
 Pete Wightman (PW), Director of Corporate Services
 Jillian Campbell (JC), Audit Glasgow
 John Boyd (JB), Director, Grant Thornton
 Eilidh McKerry (EMcK), Finance Manager
 Deborah Spratt (DS) (Clerk)
 Kelly-Anne Norrie (Moderator)

Observing: Mark Borthwick (MB)

Item	Action	Action by
1	<p>Welcome and Apologies</p> <p>The Chair welcomed everyone to the Audit and Risk Committee meeting which under Board Standing Order 25 allows for the meeting in exceptional circumstances to be held as a virtual meeting. The Board in a decision by correspondence has agreed that the provisions of Standing Order 25 will apply for the duration of the social distancing restrictions and that Board and Committee meetings will be held virtually during this time.</p> <p>The Chair ran through a few procedural points and welcome was extended to any members of the public who may be listening and to MB who would be observing the meeting as part of the Board Shadowing Initiative through Inclusion Scotland and the Scottish Government Public Appointments Team.</p> <p>Members agreed under s50A (4) of the Local Government (Scotland) Act 1973 (as amended) to hold confidential items in closed session in accordance with the motion.</p> <p>There were no apologies received.</p>	
2	<p>Declarations of Interest</p> <p>There were no Declarations of Interest from Committee Members.</p>	

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3	<p>Minutes of Meeting held on 25th June 2020</p> <p>The Minutes of the meeting held on 25th June 2020 were proposed by CS and seconded by HR.</p>	
4	<p>Matters Arising</p> <p>Members noted the Matters Arising from the meeting held on 25th June.</p> <p>GW highlighted the two open items and noted that due to the focus being on COVID-19 and the budget process, progress on the outstanding actions has been delayed. PW added that discussion on Asset Management has taken place with the Chair and that it was agreed that a broader discussion is required around the use of assets. There is currently no defined timeline for taking this forward at the moment but will be discussed at a later date. RE referred to a previous paper on the use of assets which should be followed-up as an organisation at some point. The Draft Risk Policy should be added to the Matters Arising list and will be discussed at the December meeting.</p> <p>Members noted the paper.</p>	
5	<p>Draft Annual Report to Members</p> <p>JB presented Grant Thornton's draft Annual Report which is a summary of the findings from the external audit work for the financial year ended 31 March 2020. The report will be finalised following the signing of the Annual Accounts at the end of the month. Once the accounts have been laid before parliament, the finalised audit report will be made publicly available on the Audit Scotland website.</p> <p>JB explained that the report is similar in content to previous years, however, as a result of the COVID-19 pandemic an additional financial statement audit risk in relation to COVID-19 has been added.</p> <p>JB advised that for the financial year ended 31st March 2020 Grant Thornton will plan to issue an unmodified audit opinion. JB drew attention to the emphasis of matter note and confirmed that Grant Thornton's opinion would not be modified in respect of the matter regarding property valuation.</p> <p>In response to a question regarding the Park Authority's request for additional financial support from the Scottish Government to fund the additional costs arising directly as a result of Covid-19, GW confirmed that there has been</p>	

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	<p>continuous discussions with the Scottish Government. Our projected deficit has been taken into the SG budget management process and SG has made clear that they will prioritise the COVID related pressures that have arisen in the budget process. SG have provided reassurance that they will continue to work with the Authority to ensure that we can meet our statutory obligations in terms of presenting an end-year balanced budget.</p> <p>JB expressed his thanks to EMcK and the wider team for their work during the Audit and confirmed that Grant Thornton will be looking at audits eliminating any late changes in future audits. RE expressed concern that a considerable number of late comments had been received from Grant Thornton prior to Committee which resulted in late changes to this paper as well as further changes to the proposed Board paper due the following week. PW added that he would be happy to engage with Grant Thornton in forward planning for next year's process to ensure the process in future years is smoother and places less pressure on Park Authority staff to respond within a tight timescale.</p> <p>Members were pleased to note the very clear and well-presented report and were reassured by the process and the recommendations highlighted.</p>	
6	<p>Draft Accounts for the Financial Year ended 31st March</p> <p>PW introduced the draft Annual Report and Accounts and expressed his thanks to the Finance Team for preparing the report in particularly challenging circumstances.</p> <p>EMcK presented the report and highlighted that there are a few minor disclosure changes between the accounts presented today and those that will be presented to the Board on 14th September following late points raised by external audit. The Board paper, which Members will have received, clearly demonstrates where the differences are so that members can clearly see and be assured.</p> <p>EMcK took members through the report at a high level and noted that there is one final adjustment that is not in the current Board papers in relation to the related parties disclosure. This will be provided to Board members following the Board meeting and has arisen as a result of a late audit disclosure adjustment.</p> <p>Members thanked EMcK and the Team for all their hard work in successfully completing the Annual Report and Accounts.</p>	

National Park Authority

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	<p>ACTIONS:</p> <ol style="list-style-type: none"> Members approved the Draft Annual Report and Accounts and recommended for GW to sign the Accounts following the Board Meeting subject to the resolution of the outstanding matters raised in 7.3 of the paper and External Audit clearance. Clearance is expected to be received before the finalised report is presented to the Board on 14th September. The table on page 12 does not report membership attendance of the Delivery Group. EMcK noted that the Delivery Group is not a statutory Committee but agreed to look to see if there is an appetite to do this if members would like to see this included. The table on page 22 shows members' fees. It was agreed that an explanation would be helpful on the movement between 2018/19 and 2019/20. EMcK agreed to look in to this and provide explanation in this section. In relation to Equality and Diversity, there was a request that this is reviewed as diversity has more aspect to it other than age and gender. 	<p>GW</p> <p>EMcK</p> <p>EMcK</p> <p>EMcK/PW</p>
7	<p>Letter of Representation to External Audit</p> <p>The Letter of Representation was presented which is provided to the External Auditors in connection with the audit of the financial statements of the National Park for the year ended 31st March 2020.</p> <p>ACTION: Members confirmed that they were content and recommended for GW to sign the Letter of Representation to the External Auditors along with the Annual Report and Accounts.</p>	<p>GW</p>
Members had a short break		
8	<p>Register of Interests Review</p> <p>EMcK presented the Registers of Interests Review paper which advises members of the outcome of a review of senior staff and Board members register of interests completed as part of the Annual Accounts preparation process.</p>	

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	<p>All transactions identified during the review relate to transactions undertaken during the normal course of business.</p> <p>Previously, only transactions that are outside the normal course of business have been disclosed in the annual accounts. However external audit have requested that all related party transactions and balances are disclosed separately in the 19/20 accounts. In addition, accounts will now include details of the third parties within the SG Directorate and other government departments, central government bodies, local government and other non-departmental public bodies with whom the Authority has had transactions in the year during the normal course of business.</p> <p>The details of these transactions, balances and third parties will be provided in the final version of the accounts, which will be circulated to members prior to signing. It was not possible to include these in these papers, as this issue has only recently been raised by external audit.</p> <p>Members noted the paper and on the basis that there are no transactions outside the normal course of business and it is out of date, it was agreed that this paper would be removed.</p>	
9	<p>Annual Report on Best Value 19/20</p> <p>PW presented the Annual Report on Best Value for 19/20 and advised that under our Best Value policy, it is the role of the Audit & Risk Committee to review and approve the Annual Report on Best Value to ensure compliance and report as needed to the Board. The report is usually presented at the June Audit & Risk Committee meeting but was delayed this year due to the resource capacity constraints arising from COVID-19.</p> <p>There was some discussion around Equality / Diversity and PW advised that one of the requirements for this year is to renew our equality outcomes. The outcomes in the paper are the previous outcomes for the last four years and there is an opportunity for these to be reset for a further four years.</p> <p>Consultation will take place across the organisation and will also look to consult with the Board to look at what other broader outcomes we would want to achieve as these are reset.</p> <p>GW added that discussion has taken place with the Convenor about finding ways to ensure that different groups are putting themselves forward to be considered for roles.</p>	

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	<p>Our focus going forward will be to work with different groups to encourage people to become more involved.</p> <p>DECISION: Members were happy to approve the report which demonstrates compliance with the Best Value Guidance for Accountable Officers.</p> <p>ACTION: Members are asked to feed in any specific ideas on equality and diversity, in particular, about what the Park Authority are doing / not doing.</p>	Committee
10	<p>Draft Audit and Risk Committee Annual Report to Board</p> <p>EMcK presented the Audit and Risk Committee’s draft Annual Report to the Board.</p> <p>EMcK advised that in accordance with the Scottish Government Audit and Assurance Handbook the report will be presented to the Board and Accountable Officer by the Chair, Ronnie Erskine, and Depute Chair, David McCowan, on behalf of the Audit & Risk Committee to cover the period of its operations from September 2019 to September 2020 summarising its conclusions from the work it has done during the year.</p> <p>EMcK added that some of the items are subject to final External Audit clearance on the Annual Accounts and the version that will be presented to the Board on 14th September includes a statement on that. Also referenced is the two points highlighted in Grant Thornton’s report around financial scenarios and pension scheme liabilities.</p> <p>ACTION: It was agreed that CS would be added into the signature line under Board Sponsors.</p> <p>DECISION: Members were happy to approve the Draft Annual Report to Board. Members extended their thanks to those who have contributed to the paper.</p>	

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11	<p>Audit and Risk Committee Self-Assessment</p> <p>RE provided a verbal update / presentation to the Committee on recent discussions with Committee Members.</p> <p>RE extended his thanks to Committee members for sharing their time and for their perspectives and perceptions of the Audit and Risk Committee and any ideas for ways the Committee operates.</p> <p>ACTIONS: Members made a few suggestions as follows:</p> <ul style="list-style-type: none"> • Style of minutes – it was noted that there is a wide variety of practices across a number of different organisations. It would be interesting to look at the Minutes across the different Committees and discuss what is required. • Requirements for Finance Training to be assessed after the new membership of Committee is determined. • RE/PW will look at an assurance based approach for future Committee papers. • Will review whether to occasionally vary the order of Agenda items bringing the confidential items to earlier in the meetings if appropriate. • A standing item will be added to future agendas for internal and external audit discussions if required as this is good governance practice. • Finance reports – no change • Added value and focus for non-execs – it would be helpful to ensure that meeting discussions focus where possible on areas where non-execs can add value. • Ensure there is time for risk discussions. • RE agreed to rephrase the point on staff risks as this is around interaction between Board Members and Staff and not between the staff. <p>RE agreed to summarise all points for presenting to the Board.</p>	
12	<p>Internal Audit Update</p> <p>JC provided a verbal update to the Committee and members were pleased to note the update / progress.</p>	

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13	<p>Outstanding Actions Update Appendix 1 – Internal Audit Recommendations</p> <p>PW presented the Outstanding Actions update which provides an update on the outstanding actions arising from the Internal and External Audit work.</p> <p>Of the six outstanding internal audit actions, two are partially complete with their remaining elements not scheduled until 2021. The four others are all low risk recommendations, two of which are on track and two have been directly affected by the COVID-19 pandemic resulting in delays.</p> <p>The external audit recommendations are also included in the outstanding actions and these do not receive a risk rating. There are two outstanding; one regarding ongoing future financial projections and the other regarding pension scheme liabilities, which will be addressed as part of the 2020/21 year end accounts and audit.</p> <p>Appendix 2 – Policies</p> <p>PW advised that a comprehensive review to re-plan the Policy timescales has not yet taken place. Many of the timescales for policy review are at risk due to reduced staff capacity arising from the COVID-19 pandemic. Four items where dates have changed and have been further delayed are within the Governance section. PW explained that due to budget pressures the vacancy for the Governance Manager role is still outstanding.</p> <p>Members discussed having a different approach to reviewing the Internal Audit Actions. It was agreed that the Committee should be determining what level of assurance they can provide to the Board and Accountable Officer that the recommendations from the Internal and External Audit are being taken forward.</p> <p>PW advised that the Audit Outstanding Actions is different from the Policy List. The purpose of the Outstanding Actions is to ensure that the Committee is assured that actions are being complete or are in progress. The Policy list was a previous Internal Audit recommendation. PW added that discussion has taken place recently with the Internal Auditors who advised that a number of other organisations that Glasgow Audit work with have their IA actions presented by the Auditors.</p>	

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	<p>ACTIONS:</p> <ol style="list-style-type: none"> RE/PW agreed to explore the role of the Internal Auditors presenting the Internal Audit Outstanding Actions. RE/PW/GW to discuss the Committee's role in reviewing the Outstanding Actions and the Policy List <p>DECISION:</p> <p>Members were happy to note the paper at this stage but agreed to explore whether a different form of language would help for future papers. RE happy to take this forward in an offline discussion as per the actions above.</p>	<p>RE/PW</p> <p>RE/PW/GW</p>
14	<p>AOB</p> <p>There was no other business to report.</p>	
15	<p>Date of Next Meeting</p> <p>The next meeting will be held at 2pm on Tuesday 1st December 2020.</p>	

Signed _____

Ronnie Erskine, Chair