

Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

ARCHITECTURE AND DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING [35]

9 Bakehouse Close, 146 Canongate, Edinburgh

10.00 am on Thursday 30th May 2019

Present: Sue Evans, Chair (SE), Kirsty Macari (KM via Skype), Graham Hill (GH), Ann Allen (AA via Skype)

Staff: Lynne Lineen (LL), Sue Reynolds (SR), Val MacBeath (VM)

In Attendance: Lynn Wilson (LW), Angela Bonney (AB), Mark Ferris - Audit Scotland (MF)

1. APOLOGIES

Apologies were received from Jim MacDonald. SE welcomed and thanked LW and AB for their interest in joining Audit Committee.

2. MINUTES OF MEETING ON 11TH FEBRUARY 2019 & MATTERS ARISING

The minutes of the previous meeting were AGREED.

The following points were noted in respect of the Matters Arising:

Sept 18 No.3 – Guidance has been received from the Sponsor and been shared with External Audit. The Audit will commence as planned next week.

Sept 18 No.5 – Draft accounts will be emailed to the Audit Committee by 3 June. The draft Governance Statement is contained within papers for Item 5 of this meeting

Sept 18 No.8 – Guidelines on 365, file sharing and GDPR requirements are all to be shared with the Board at the June meeting

3. CEO QUARTERLY GOVERNANCE STATEMENT

The CEO Quarterly Governance statement was presented to Audit Committee. There were no issues of concern highlighted in the paper. SR confirmed the Freedom of Information request related to the People's Palace in Glasgow.

The Report was NOTED.

4. 2018/19 Q4 MANAGEMENT ACCOUNTS TO 31 MARCH 2019

Income

The report shows that the total budgeted income for 2018/19 was £1,755,000, including c/fwd from 2017/18 of £85,000. The actual income for 2018/19 is £1,838,888 including b/fwd income of £85,000 (2017/18 – total income £2,105,506).

Summary of Income 2018/19

	Original Forecast £	Actual £
Grant Income		
Core Grant Income c/fwd 17/18	85,000	85,000
Core Grant Income	1,365,000	1,365,000
Schools Grant Income	175,000	175,000
Health Grant Income	130,000	130,000
Additional Grant Secondment	0	14,000
Additional Grant Secondment	0	33,000
Additional Grant Happenstanz	0	15,000
Total Grant Income	1,755,000	1,817,000
Other Income		
Creative Scotland	0	5,130
Forestry Commission Scotland	0	11,000
ZWS	0	4,700
Misc income	0	58
S+V Strathclyde University	0	500
S+V Robert Gordon University	0	500
Total Other Income	0	21,888
Total Income	1,755,000	1,838,888

Expenditure

The total actual spend for the year to 31 March 2019 was £1,736,000 representing 94% of total income (M12 2017/18 - £1,794,000 - 85% of total income).

A further £87,000 of expenditure was committed by Purchase Orders at 31 March 2019 representing 5% of total income (M12 2017/18 - £226,000 - 11%).

Rent expenditure in relation to the Edinburgh office was prepaid in 2018/19 in relation to 2019/20 in the same manner as previous years.

Net Income less Spend and Committed

The total net income not spent or committed at 31 March 2019 was £16,000. This represents 0.8% of our total income. LL noted part of the £16,000 c/f related to building alterations for the Edinburgh office which had been put on hold. Sponsor approval is being sought for the carry forward.

ACTION 1: LL TO SEEK FORMAL APPROVAL OF THE £16,000 CARRY FORWARD

LL gave background relating to VAT issues and the different VAT treatments of grants and providing a service. LL reported that relevant staff had undertaken VAT training. SE noted the actions underway to ensure treatment of VAT was being properly handled.

SE concluded that, subject to audit, A&DS is in a very satisfactory yearend position with both income and expenditure ahead of the starting draft budget forecast. SE congratulated managers and staff on achieving such a low carry forward figure given the late receipt of additional funding during the year.

The report was duly NOTED.

5. GOVERNANCE STATEMENT WITHIN ANNUAL REPORTS AND ACCOUNTS TO 31 MARCH 2019

LL introduced the paper noting that at the request of Audit Scotland, the Governance Statement, a document within the Annual Report and Accounts, now requires formal approval from the Audit Committee prior commencement of the audit of the Annual Report and Accounts.

The Statement was reviewed. A number of minor typographic errors were identified. The Audit Committee also asked for clarification in respect of the Board's role regarding the statement on page 2 bullet point 3 *"Appoints, with the Scottish Ministers approval, a Chief Executive to Architecture and Design Scotland..."*

ACTION 2: SR TO CLARIFY THE METHOD OF APPOINTING A CHIEF EXECUTIVE WITH SCOTTISH GOVERNMENT

The paper was APPROVED subject to the correction of typos and clarification of the role of the Board in appointing a Chief Executive.

6. STRATEGIC AND CORPORATE RISK REGISTERS

CORPORATE RISK REGISTER (CRR)

SR reported that there were no new risks to highlight on the CRR and two updates to note.

- CRR Risk ID 9: Loss of business continuity due to disaster event

Business Continuity Plan to be updated once the current "R drive" pipeline is closed off between Glasgow and Edinburgh office – completion by 30 June 2019.

- CRR Risk ID 14: Failure to deliver best value in IT project

Phase I (staff fully operating on SharePoint and Cloud) has been completed. Training has taken place across the organisation.

Phase II (using the E3 licence capabilities to the full – Power BI, Analytics, Flows etc.) has commenced. We have rolled out an intranet site for staff. Sickness reporting is the first policy being automated and will be rolled out in June 2019.

The Committee asked what measures were being taken to mitigate cyber security risks. SR reported that Cloud based Office365 comes with several features to reduce cyber security risks. Strict password control was in place and cyber training has been delivered to staff. This training would continue on a regular basis to both new and existing staff and will also be shared with Board members.

ACTION 3: INCLUDE CYBER TRAINING WITHIN INDUCTION TRAINING FOR NEW BOARD MEMBERS AND SHARE WITH EXISTING BOARD MEMBERS.

Audit Committee suggested that the Response to Risk ID 13 should state Acceptance 'and Review'.

There followed a broader discussion about the format of the registers and the assessment of risks. MF suggested different formats of Risk Registers exist and agreed to send examples of other Risk Registers to SR for A&DS to consider. In terms of assessment, the Management Team was asked about the frequency and methodology for comprehensive review and refreshing of risks, asked to review the scoring of untreated risks and, as part of this, whether green-rated risks should appear at all on these summary registers.

ACTION 4: MF TO SEND EXAMPLES OF RISK REGISTERS FROM OTHER ORGANISATIONS TO SR

ACTION 5: MANAGEMENT TEAM TO REVIEW THE RISK REGISTERS

Both the SRR and CRR were NOTED and APPROVED for presentation to the Board meeting.

7. INTERNAL AUDIT – ASSURANCE REVIEW OF STAFF PERFORMANCE REVIEWS

SR presented the Assurance Review of Staff Performance Reviews Internal Audit report to the Audit Committee.

Audit Committee noted the Assurance Review – which provided a “Substantial” Assurance Level from Internal Audit. There was one Priority Level 2 recommendation which will be implemented from June 2019 onwards. SR confirmed Microsoft 365 would be used as a tool to address this issue.

Audit Committee expressed its thanks to staff for their engagement with the Internal Auditors and the willingness of management team to note and action areas for improvement.

The Report was NOTED.

8. AUDIT COMMITTEE MEMBERSHIP

Audit Committee Terms of Reference (TOR) states that Audit Committee will comprise a minimum of four and maximum of five members, of which a minimum of three must be present to be quorate. The Chair of A&DS cannot be a member but can attend as an observer.

The TOR also states the Chair of A&DS must agree existing members on an annual basis and nominate new members to Audit Committee. AA confirmed she was happy to nominate LW and AM as members of Audit Committee and recommended that the existing three members continue as members.

MF observed that whilst Audit Committee currently operates as a subset of the Board there is no requirement to do this and that membership could be broadened by appointing non board members. SR reported that this had been discussed in the past and was likely to incur a cost. GH noted the diverse set of skills that existed within the current membership. SE noted MF’s observation and agreed to discuss this with the Chair.

ACTION 6: SE/AA TO DISCUSS THE MAKEUP/SKILLS SETS OF THE COMMITTEE

AA confirmed previous discussions at Board about her intention to increase the remit of the Audit Committee to include oversight of business performance. A new bullet point will be introduced under Responsibilities to reflect this additional requirement.

The following items were noted for correction within the document:

- Under Responsibilities on page 2 bullet point one should refer to ‘Governance Statement’ rather than ‘Statement on Internal Control’.

- Under Responsibilities on page 3 last unbulleted para should read 'annual' rather than 'periodically'.
- Last bullet point on page 4 needs clarity or removal if no longer relevant "*a report on co-operation between Internal and External Audit*"

ACTION 7: SR/LL WILL REVIEW ALL POINTS RAISED AND PREPARE A PAPER FOR NEXT BOARD MEETING

9. ANY OTHER BUSINESS

The ToR identify the need for the Committee to carry out a review of its own effectiveness. After discussion, it was agreed this should take place on an annual basis and given the new membership of the Committee timed for the autumn/early winter period. SE agreed to look at model assessments and to meet with the Chair to agree a process appropriate to the organisation's size and needs.

ACTION 8: SE/AA WILL REVIEW AND AGREE AN ANNUAL ASSESSMENT PROCESS FOR THE AUDIT COMMITTEE

The meeting closed at 11:45.

Signed _____

SUE EVANS, CHAIR, AUDIT COMMITTEE

Date _____

Architecture & Design Scotland

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ARCHITECTURE AND DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING [36]

University of Glasgow, Room 604, Tay House, 300 Bath Street, Glasgow G2 4LH

10.00 am on Thursday 29th August 2019

Present: Sue Evans, Chair (SE), Kirsty Macari (KM via Skype), Graham Hill (GH via Skype), Lynn Wilson (LW via Skype), Angela Bonney (AB)

Staff: Jim MacDonald (JMacD), Sue Reynolds (SR), Val MacBeath (VM)

In Attendance: Mark Ferris - Audit Scotland (MF), Adam Haahr – Audit Scotland (AH), Martin Ritchie – TIAA (MR), Ann Allen (AA) joined from Item 5 onwards

1. APOLOGIES

Apologies were received from Lynne Lineen.

2. MINUTES OF MEETING ON 30th MAY 2019 & MATTERS ARISING

It was agreed that the Secretariat would re-issue the minutes for approval by email, as the most recent set of minutes had not been included with the papers for the meeting.

ACTION 1: CIRCULATE UPDATED DRAFT OF MINUTES OF 30TH MAY 2019 MEETING

The following points were noted in respect of the Matters Arising:

- | | |
|--------------|---|
| Sept 18 No 3 | Framework document received on 5 th August 2019 and was included on today's agenda at Item 11; |
| Sept 18 No 8 | GDPR guidance and Board SharePoint site: training to be delivered at September or October 19 meeting – depending on availability of space on agenda; |
| Feb 19 No 1 | Corporate Performance report is ongoing, and a revised version will be available for November Audit Committee meeting; |
| Feb 19 No 2 | Sickness reporting benchmarking – next yearly review will take place in January 2020; |
| May 19 No 4 | MF responded to LL on 23/07/19 with outline template. MF will present a template at Item 9 of today's agenda; |
| May 19 No 5 | The Risk Register templates had been updated to reflect comments from the last meeting. A substantial review of the templates will take place during quarter two and a revised template will be presented at November 2019 Audit Committee meeting. |

3. CEO GOVERNANCE STATEMENT AND MT STATEMENT OF INTERNAL CONTROLS

SR presented the CEO Quarterly Governance statement which reports on internal control matters. There were no issues of concern highlighted in the paper and Committee were content with the contents.

The Committee NOTED the contents of the report.

4. AUDIT SCOTLAND ANNUAL AUDIT REPORT FOR YEAR ENDED 31 MARCH 2019

AH presented a summary of the Annual Audit Report and noted Audit Scotland should be able to issue an unqualified audit opinion pending the Board's approval of accounts on 12th September 2019. AH highlighted the two significant findings contained within their report Firstly, the incorrect recognition of a prepayment of rent, and secondly, the restatement of the grant-in-aid, both of which did not impact on the overall year end results. AH thanked LL, SR and their team for their help throughout the audit process.

SE thanked AH for the update. SE asked that a proposal be agreed on how Management Team (MT) present five years budget forecasting to Audit Committee. It was agreed that a paper be prepared which contained MT views on scenario planning along with plans on what level of unspent monies is desirable to hold to meet possible commitments and how to use any additional accumulated unspent monies going forward. It was noted we have used unspent monies in previous years so it may be useful to look back at how they were used to help inform future cash levels.

The Committee reviewed and **AGREED** that the report presented, should go forward to the Board for final approval.

SE thanked staff for timeous work in meeting the requirements of the Audit programme timetable and supporting the audit process. She also thanked Audit Scotland for their audit work.

ACTION 2: A REPORT ON SCENARIO PLANNING AND USE OF UNSPENT MONIES TO BE PRESENTED TO THE NEXT AUDIT COMMITTEE MEETING

5. ANNUAL REPORT AND ACCOUNTS TO 31 MARCH 2019

JMacD presented the Annual Report and Accounts to 31 March 2019 to the Audit Committee. There were no issues raised on the content of the Annual Report and Accounts to 31 March 2019.

The Annual Report and Accounts were **APPROVED** by the Committee for onward transition to the next Board Meeting for final approval and signing.

6. REVISED OPERATING BUDGET 2019/20

JMacD presented for approval the fourth revision of the Operating Budget for 2019/20.

The annual Grant in Aid letter had been received from Scottish Government and as a consequence the budget had been updated to reflect additional funding for Scotland and Venice, and for the Housing Exhibition.

The Committee asked about the status of the Forestry Land Scotland and Zero Waste Scotland grants and if these would materialise in-year. JMacD confirmed that it was not unusual for these grants not to be certain at this point in the year and agreed to follow up outside the meeting. Audit Committee asked what the consequences to the Material Library Project would be if no funding was available this year from the two external project sponsors. JMacD reassured the Committee that this was merely a timing issue and that the external parties were fully committed to the project in 2019/20.

ACTION 3: CHECK STATUS OF EXTERNAL GRANTS FROM FLS AND ZWS FOR THE AUDIT COMMITTEE NEXT MEETING

The Committee **AGREED** the revised budget for onward transmission to Board for approval.

7. 2019/20 Q1 MANAGEMENT ACCOUNTS TO 30 JUNE 2019

JMacD presented the management accounts 2019/20 Q1 to 30 June 2019 for noting.

Income

The report shows that the total budgeted income (version 4) for 2019/20 was £2,015,899, including c/fwd Core Grant from 2018/19 of £56,510. The previous budgeted income was £1,929,269.

<u>Summary of Income 2018/19</u>	Approved Budget v3 £	Draft Budget v4 £
Grant Income		
Core Grant Income c/fwd 17/18	74,880	56,510
Core GIA	1,365,000	1,365,000
Schools GIA	175,000	175,000
Health GIA	130,000	130,000
Decarbonisation GIA	168,689	168,689
Scotland Venice 2020 GIA	0	50,000
Housing Exhibition GIA	0	60,000
Total Grant Income	1,913,569	2,005,199
Other Income		
C/Fwd FLS - Materials Library	11,000	6,000
C/Fwd ZWS - Materials Library	4,700	4,700
Total Other Income	15,700	10,700
Total Income	1,929,269	2,015,899

Expenditure

The total actual spend for the three months to 30 June 2019 was £398,000 representing 21% of total income (M3 2018/19 - £436,000 - 25% of total income).

A further £1,291,000 of expenditure was committed by Purchase Orders at 30 June 2019 representing 67% of total income (M3 2018/19 - £979,000 - 56%).

A further £313,000 was approved expenditure by 30 June 2019 as per the Business Plan but Purchase Orders had not yet been raised as at 30 June 2019 (M3 2018/19 £206,000).

Rent expenditure in relation to the Edinburgh office was prepaid in 2018/19 in relation to 2019/20 in the same manner as previous years.

Net Income less Spend and Committed

The total net income not spent or committed or authorised to spend at 31 March 2019 was £14,000 (M3 2018/19 £134,000). This represents 0.72% of our total income (M3 2018/19 0.8%).

SE noted that the income was on track to be fully utilised by the end of the financial year. AA reinforced this point noting funds were fully committed for the rest of the financial year providing stability for staff and project activity.

SE asked in respect of Brexit how much work would be involved in Scotland and Venice in this financial year and JMacD confirmed that there was a small amount of routine preparation taking place in this financial year, with one visit planned to Venice in early September 2019 to secure a venue. The bulk of the expenditure would be spent in the next financial year.

The Committee **NOTED** the management accounts 2019/20 Q1 to 30 June 2019.

8. BUSINESS PLAN PROGRESS

SR presented the Business Plan Update to 31 July 2019. It was noted that two projects were showing an amber rating:

- a) **Case Studies** - due to historical staffing issues from 2018/19 which had a knock-on effect into the current year. However, this project is now being steered back on track, and;
- b) **Skills Development (Housing) Project** - issues on drafting case studies are being worked through and resolved by the Project Lead. The project is anticipated to be back on track by 31 October 2019.

Going forward, the Audit Committee asked that reporting reflects current and future state of the project – rather than the reflective position on RAG rating. SR and JMacD are scheduled to meet and will discuss a new template for the balanced scorecard and business plan reporting. They will liaise with SE to agree a suggested way forward on performance reporting in general. KM requested that the top header appear at the top of all the pages of the appendix. This will be actioned as part of the overall template revisions.

ACTION 4: A REVISED PERFORMANCE REPORTING PACK TO BE DESIGNED FOR APPROVAL BY THE CHAIR OF AUDIT COMMITTEE

SE noted that the Making Places project had been closed and a new line in the business plan on Community Placement, incorporated the work, would need to be added. It was noted that this new project would appear in the business plan and reporting beginning from next edition of the Business Plan Update.

AA asked what challenge was given to the report prior to coming to Audit Committee by the Management Team. JMacD reported that exception reporting and use of Project Sponsors to highlight issues was used up until now, but from September 2019 onwards, a process would be in place to bring projects to the monthly Management Project Reporting meetings to review project progress/issues. It was noted that a useful edition to the report would be to reflect the timing of MT reviews and issues highlighted.

The Committee **NOTED** the contents of the report.

9. STRATEGIC AND CORPORATE AND RISK REGISTERS

SR presented the up-to-date Strategic Risk Register (SRR) and Corporate Risk Register (CRR) for noting.

SE noted Annex 9, 10 and 11 figures, after mitigation, were higher than before mitigation.

ACTION 5: SR TO REVIEW MITIGATION FIGURES AND UPDATE COLUMNS IN RISK REGISTERS

SE suggested that using the Risk Registers to sense check the issues covered in the revised Framework Document would be a way of ensuring the requirements of the framework were fully reflected in our policies and processes.

MF presented an example of a risk register template. The template addressed the issues raised at the previous Audit Committee meeting including encouraging management to actively manage risk across their work and for the Board to understand the target is to still have a level of risk. It was suggested that the template could also be useful within individual project risk management.

ACTION 6: A REVISED REPORTING FORMAT FOR RISK TO BE INCLUDED IN THE NOVEMBER 2019 PERFORMANCE PACK.

10. INTERNAL AUDIT UPDATE

a) Internal Audit Annual Report for 2018/19

MR updated the Audit Committee on the annual internal audit plan round up for 2018/19.

It was noted that the outstanding actions points from the in-year internal audits were all in hand by MT and that TIAA would review their progress in 2019/20. An update would be included in the TIAA progress reporting in 2019/20.

The Committee NOTED the contents of the update from TIAA.

b) Audit Strategy and Annual Internal Audit Plan for 2019/20

The Audit Plan for 2019/20 recommended reviews on:

- a) the effectiveness of both the Management Team; and
- b) review of Matrix Working – 3 year on.

AA noted her agreement with the two areas for internal audit review noting they fitted in well with the timing of development of the strategic plan and that the findings would be critical in developing the plan for how we then start to deliver the new strategy.

SE asked that TIAA ensure they use a mix of new and longer serving staff for the Matrix Working review.

11. FRAMEWORK DOCUMENT

The updated Framework Document was presented by JMacD.

This document is drawn up by Scottish Government and sets out the broad framework in which A&DS should operate. It defines the key roles and responsibilities which underpin the relationship with our Sponsor Team at Scottish Government.

It was noted that the Framework document would be uploaded onto A&DS's website following this meeting. AA agreed that this was a useful document and that it should be circulated to all Board members for information.

JMacD confirmed that the Secretariat was working on a full day induction session for the Board before the end of the financial year and this document would form part of the agenda for the day.

ACTION 7: FRAMEWORK DOCUMENT TO BE CIRCULATED TO BOARD MEMBERS AND UPLOADED ON A&DS WEBSITE.

9. ANY OTHER BUSINESS

There was no other business.

The meeting closed at 11:25.

Signed _____

SUE EVANS, CHAIR, AUDIT COMMITTEE

Date _____

Architecture & Design Scotland

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ARCHITECTURE AND DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING [37]

Architecture & Design Scotland, Bakehouse Close, Edinburgh

10.00 am on Thursday 28th November 2019

Present: Sue Evans, Chair (SE), Graham Hill (GH), Lynn Wilson (LW)

Staff: Jim MacDonald (JMacD), Lynne Lineen (LL), Val MacBeath (VM)

In Attendance: Ann Allen (AA), Stephen Shaw – Audit Scotland (SS)

1. APOLOGIES

Apologies were received from Angela Bonney, Kirsty Macari and Sue Reynolds.

SE welcomed SS from Audit Scotland.

2. MINUTES OF MEETING ON 29th AUGUST 2019 & MATTERS ARISING

The minutes were approved as an accurate record.

There were no issues raised in respect of Matters Arising.

There were no declarations of interest.

3. CEO GOVERNANCE STATEMENT AND MT STATEMENT OF INTERNAL CONTROLS

LL presented the CEO Quarterly Governance statement which reports on internal control matters.

KM requested further information regarding the sickness absence figures reported. LL reported that a similar number of employees had been absent during the same period the previous year however in the current year the average period of absence had been longer. Management Team closely monitor and actively manage absences through Return to Work interviews. Any future causes of concern will be highlighted to the Audit Committee.

The Committee **NOTED** the contents of the report.

4. 5 YEAR FORECAST

LL presented the 5 Year Forecast of grant income and expenditure on salaries, overheads and other costs.

This was based on the best assumptions currently available. It was assumed that grant funding from Scottish Government will remain at the same level as the current year across all five years from 2020/21 to 2024/25.

It was assumed that a 2.5% increase in salaries will be implemented year on year. Note this will be subject to Scottish Government negotiations with the Trade Unions. Staffing was based on current levels and includes the Director of Place post.

The rent for Bakehouse Close is known and will remain at the same level. The Lighthouse rent cost assumes we will remain in the Lighthouse building and is assumed to be at the level Glasgow City Council are proposing moving A&DS to.

All other overheads are assumed to increase at 2% per annum.

LL highlighted that based on these assumptions, expenditure exceeded income every year from 2020/21 to 2024/25.

JMcD reported on opportunities to look at savings. Removing the Director of Place post was an option; however, this was not straightforward as it would have major implications in terms of capacity. We will continue to look for savings in terms of accommodation and overheads, but this is very challenging as costs have already been reduced. It was noted the challenges of reducing spend on travel when it is important the work of A&DS is across the whole of Scotland.

We continue to liaise closely with Scottish Government (SG) to try to increase our future Grant in Aid. SG had confirmed an additional £40k grant in 2019/20 and 2020/21 towards the additional pension cost. However, SG are currently unable to confirm any funding of the additional pension cost beyond 2020/21.

In 2019/20 unallocated grant income is currently £55k and we have the option to prepay accommodation rent for Bakehouse Close for 2020/21 as had been done previously. AA recommended this option is actioned. Audit Committee approved this amendment to budget for 2019/20. This will be reflected in Budget 2019/20 version 5 along with the additional pension contribution.

It was noted the SG spending review has been delayed. Management Team (MT) have continued to consider opportunities and would look at scenario planning which will be shared with the Board in due course. AA request MT include a narrative acknowledging the projected expenditure exceed projected income however there are opportunities.

The Committee **NOTED** the contents of the report.

5. 2019/20 Q2 MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2019

LL presented the management accounts 2019/20 Q2 to 30 September 2019 for noting.

Additional grant income of £40k from SG towards additional pension cost has been confirmed.

Project expenditure will increase in 2019/20 Q3 due to Venice and Education Building Scotland Conference.

Rent expenditure for Bakehouse Close in 2019/20 was prepaid in 2018/19. Currently the budget assumes rent for 2020/21 is not prepaid however we do have the option to prepay our rent for 2020/21 from unallocated grant income from 2019/20. Committee noted their preference to prepay the rent for 2020/21. AA noted the prepayment should be noted to the landlord when we are negotiating our lease renewal for Bakehouse Close.

Income

The report shows that the total budgeted income (version 4) for 2019/20 was £2,015,899, including c/fwd Core Grant from 2018/19 of £56,510.

The latest estimate of total income for 2019/20 is £2,052,377. The additional income of £36,478 is analysed below:

Summary of Income 2019/20

	Latest Estimate £	Approved Budget v4 £
Grant Income		
Core GIA	1,365,000	1,365,000
Schools GIA	175,000	175,000
Health GIA	130,000	130,000
Decarbonisation GIA	168,689	168,689
Scotland Venice 2020 GIA	50,000	50,000
Housing Exhibition GIA	60,000	60,000
Total Grant Income	1,948,689	1,948,689
C/fwd Income		
Core Grant Income c/fwd previous years	40,470	40,470
Core Grant Income c/fwd 18/19	16,040	16,040
C/Fwd FLC - Materials Library	6,000	6,000
C/Fwd ZWS - Materials Library	4,700	4,700
Total C/fwd Income	67,210	67,210
Other Income		
Creative Scotland - Scotland+Venice - £90,000 part 2	22,500	0
Creative Scotland - Scotland+Venice - £6,700 part 2	570	0
Place Standard - NHS Scotland exhibition	3,900	0
The Lighthouse Exhibition	3,000	0
Zero Waste Scotland	422	0
Resources Future	586	0
Scotland+Venice Fellowship	500	0
FCS - Materials Library	5,000	0
ZWS - Materials Library	0	0
Total Other Income	36,478	0
Total Income 2019/20	2,052,377	2,015,899

Expenditure

The total actual spend for the six months to 30 Sept 2019 was £793,000 representing 39% of total budgeted income (M6 2018/19 - £804,000 - 45% of total income).

A further £938,000 of expenditure was committed by Purchase Orders at 30 Sept 2019 representing 47% of total budgeted income (M6 2018/19 - £647,000 - 36%).

A further £266,000 was approved expenditure by 30 Sept 2019 as per the Business Plan but Purchase Orders had not yet been raised as at 30 Sept 2019 (M6 2018/19 £272,000).

Rent expenditure in relation to the Edinburgh office was prepaid in 2018/19 in relation to 2019/20 in the same manner as previous years. Committed expenditure in 2019/20 does not include any rent expenditure in 2019/20. The option to prepay rent is available to A&DS in 2019/20 in relation to the rent for 2020/21.

Net Income less Spend and Committed

The total net income not spent or committed or authorised to spend at 30 September 2019 was £55,000 (M6 2018/19 £82,000). This represents 2.6% of our total income (M6 2018/19 4.6%).

The Committee **NOTED** the management accounts 2019/20 Q2 to 30 September 2019.

6. BUSINESS PLAN PROGRESS

LL presented the Business Plan progress to 31 October 2019. Fifteen projects are on track and three are on an amber rating. The MT are in the process of reviewing the format of the Business Plan and how progress is reported in relation to milestones.

AA requested amber ratings should have mitigating actions.

The revised format will be discussed by the MT and reported to the next Audit Committee meeting.

ACTION 1: BUSINESS PLAN PROGRESS - AMBER RATINGS TO HAVE MITIGATING ACTIONS

The Committee **NOTED** the contents of the report.

7. RISK REGISTER

LL presented the up-to-date Corporate Risk Register (CRR).

The Risk Register has been updated to the format Audit Scotland proposed at the previous AC meeting. AC all noted they liked the simplicity of the revised format and noted it showed mitigation more clearly. It was requested the horizontal and vertical arrows are added to the key

LL noted MT will further refine the contents of the Risk Register once the revised format had been agreed.

In relation to the control of appraisals, LL clarified that employees met monthly with their Welfare Manager in addition to a six month in year staff review as well as an annual appraisal. The Risk Register will be updated to reflect this.

SE requested in relation to Reduction in Stakeholder Funding (item 3), active controls should note that work will be taking place on how to balance the budgets for 2020/21.

It was asked if A&DS had key person insurance. It was agreed this was not required for our organization.

The importance of annually checking the Business Continuity Plan was emphasised as we progress as an organisation.

AA requested more urgency in the language under reduction in stakeholder funding, and relationships should be 'improved and enhanced' rather than 'maintained'

SE thanked MT and Committee for reviewing the Risk Register as it allowed A&DS to be more focused.

ACTION 2: RISK REGISTER - HORIZONTAL AND VERTICAL ARROWS TO BE ADDED TO THE KEY

ACTION 3: RISK REGISTER - ADD MONTHLY MEETINGS WITH WELFARE MANAGER AND SIX MONTHS IN YEAR REVIEW

ACTION 4: RISK REGISTER - NOTE THAT WORK WOULD BE TAKING PLACE ON HOW TO BALANCE THE BUDGETS FOR 2020/21 UNDER ITEM 3 – ACTIVE CONTROLS

ACTION 5: RISK REGISTER - REVIEW LANGUAGE WITHIN STAKEHOLDER FUNDING

8. INTERNAL AUDIT PROGRESS 2019/20

LL presented the Internal Audit progress for 2019/20.

LL reported the internal auditors were currently undertaking a review on the effectiveness of the Management Team. Staff availability had delayed completion of the report which would be presented at the next Audit Committee meeting.

Committee **NOTED** the contents of this report.

9. PROGRESS UPDATE REVIEW

LL presented the Progress Update Review (PUR).

LL reported our Records Management Plan was submitted to the Keeper of the National Records of Scotland (NRS) in June 2018 and approved.

The Keeper requests that each Public Sector Body submits an annual PUR to ensure they are monitoring progress with data management. The A&DS PUR has been submitted and we are waiting for feedback from NRS.

Committee **NOTED** the contents of this report.

10. SELF-ASSESSMENT OF AUDIT COMMITTEE

LL presented the paper to discuss and agree the method of self-assessment of the Audit Committee.

The paper outlined the proposal that the Scottish Government Audit and Assurance Committee Handbook which contains a tool as a basis for assessment is used as a starting point.

The purpose of the questionnaire was to assess the functioning of the Committee and to ensure it was delivering for the organisation. It was also an opportunity to test and share the results with the Board who would undertake a similar exercise. AA keen to progress with the questionnaire so that we can measure how it works. It was noted we should assume that the outcomes would be public.

The survey would be circulated to Audit Committee, including the internal and external auditors, following this meeting for completion by the end of December 2019. It was agreed that standard questions should be populated before circulation.

ACTION 6: LL TO PRE-POPULATE STANDARD QUESTIONS AND CIRCULATE SURVEY TO COMMITTEE BY 31 DECEMBER 2019

11. ANY OTHER BUSINESS

There was no other business.

The meeting closed at 11.20.

12. DATE OF NEXT MEETING

The next meeting would take place on Tuesday 3rd March 2020 at 1:30 pm at Arcadis, 180 West George Street, Glasgow.

Signed _____

SUE EVANS, CHAIR, AUDIT COMMITTEE

Date _____