

# Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

## ARCHITECTURE & DESIGN SCOTLAND

### MINUTES OF AUDIT COMMITTEE MEETING (39)

Online via MS Teams

10:00 on Tuesday 2<sup>nd</sup> June 2020

**Present:** Sue Evans (SE) (Chair), Angela Bonney (AB), Kirsty Macari (KM), Lynn Wilson (LW) and Ann Allen (AA)

**Staff:** Jim MacDonald (JMacD) (CEO), Sue Reynolds (SR), Lynne Lineen (LL) and Val MacBeath (VM - Minutes)

**Guests:** Mark Ferris (MF), Audit Scotland & Gill Callaghan (GC), TIAA – for item 9

#### 1. APOLOGIES & DECLARATIONS OF INTEREST

Apologies were received from Graham Hill.

There were no declarations of interest.

#### 2. PREVIOUS MINUTES AND MATTERS ARISING

The previous Minutes were AGREED.

The following was reported in relation to outstanding actions:-

Matters arising

**May 19 No 3** – Delayed cyber security training for Board members had been rescheduled to take place on 04/06/20. A short training session on processes in A&DS is being scheduled to take place at the end of June 2020.

**Aug 19 No 4** – The Management Team will liaise with Chair of Audit Committee on a revised performance pack for Q1 2020/21 reporting to Audit Committee.

**Mar 20 No 3** – Plan in process of finalising Audit training and induction – revising due to Covid-19 situation.

**Mar 20 No 4** – SE and AA have met to discuss the best ways to capture, record and monitor performance and attendance and arrangements will be developed over the coming weeks.

**Mar 20 No 5** – To be incorporated into the wider governance review which will take place over the next few months.

**Mar 20 No 6** – Audit Self-Assessment Report will be included in next Board business meeting agenda.

Typo noted on page 1 of Audit Committee Minutes dated 3 March 2020 to be corrected.

### 3. CEO GOVERNANCE STATEMENT AND MT STATEMENT OF INTERNAL CONTROLS

There were no issues to be reported and the Report was NOTED.

### 4. Q4 MANAGEMENT ACCOUNTS TO 31 MARCH 2020

#### Income

The report shows that the total income for 2019/20 was £2,143,418 (2018/19 – total income £1,838,888), including c/fwd Income of £67,210 which includes Core Grant from 2018/19 of £56,510.

The other income of £41,142 is analysed below within Summary of Income for 2019/20:

#### **Summary of Income 2019/20**

	Actual £
<b>Grant Income</b>	
Core GIA	1,365,000
Schools GIA	175,000
Health GIA	130,000
Decarbonisation GIA	168,689
Scotland Venice 2020 GIA	50,000
Additional Scotland Venice 2020 GIA	15,000
Additional Scotland Venice 2020 European Relations	25,000
Housing Exhibition GIA	60,000
Ht2040Grant re Edinburgh University	6,377
Additional Pension Contribution	40,000
<b>Total Grant Income</b>	<b>2,035,066</b>
<b>C/fwd Income</b>	
Core GIA c/fwd previous years	40,470
Core GIA c/fwd 2018/19	16,040
C/Fwd FLC - Materials Library	6,000
C/Fwd ZWS - Materials Library	4,700
<b>Total C/fwd Income</b>	<b>67,210</b>
<b>Other Income</b>	
Creative Scotland - Scotland+Venice - £90,000 part 2	22,500
Creative Scotland - Scotland+Venice - £6,700 part 2	570
Place Standard - NHS Scotland exhibition	3,250
The Lighthouse Exhibition	2,500
British Council - Scotland+Venice	5,000
Zero Waste Scotland	422
Scotland+Venice Fellowship	1,500
FLC - Materials Library	5,000
ZWS - Materials Library	300
Misc	100
<b>Total Other Income</b>	<b>41,142</b>

## **Total Income 2019/20**

**2,143,418**

The Grant of £25,000 from European Relations in relation to additional Scotland Venice 2020 funding was not received into the A&DS bank account until 30 April 2020, however our Sponsor has confirmed it is to be treated as 2019/20 grant income. In the Annual Report and Accounts this will be treated as deferred income in 2019/20.

### Expenditure

The total actual spend for the twelve months to 31 March 2020 was £1,916,000 representing 89% of total budgeted income (M12 2018/19 - £1,736,000 - 94% of total income).

A further £173,000 of expenditure was committed by Purchase Orders at 31 March 2020 representing 8% of total budgeted income (M12 2018/19 - £87,000 - 5%).

Within committed expenditure, £63,942 is committed for staff salaries to be paid to the Decarbonisation team in 2020/21 from the grant A&DS received in 2019/20.

Rent expenditure in relation to the Edinburgh office was prepaid in 2019/20 in relation to 2020/21 in the same manner as previous years.

Committed expenditure in 2019/20 includes the prepayment of office rent for the Lighthouse in Glasgow for six months in 2020/21.

### Net Income less Spend and Committed

The total net income not spent or committed at 31 March 2020 was £55,000. This represents 3% of our total income.

Due to Covid-19 a number of project events were postponed or cancelled along with related expenditure.

In addition, overhead costs, including training, maintenance and deep cleaning of the office were not delivered by 31 March 2020 as planned.

Management Team is working with staff to discuss alternative ways to proceed in light of Covid-19.

The current uncommitted income balance of £55,000 will be carried forward to 2020/21 and allocated to expenditure authorised by the Management Team to be spent by 31 March 2021.

We will ensure we have the necessary permissions from our Sponsor to carry forward Grant in Aid funding to 2020/21. LL confirmed we do not anticipate any issues from our Sponsor in carrying funds forward. The balance had been calculated to incorporate Covid-19 adjustments.

SE thanked LL.

The Report was NOTED.

## **5. GOVERNANCE STATEMENT WITHIN ANNUAL REPORT AND ACCOUNTS TO MARCH 2020**

Audit Scotland had requested that the Governance Statement from within the draft unaudited Annual Report and Accounts (ARA) for the year ended 31 March 2020 should be approved by the Audit Committee prior to the commencement of audit field work. This is a standard report within the ARA.

The Draft Governance Statement (Annex 1) was APPROVED.

## **6. ANNUAL AUDIT UPDATE 2019/20**

This paper provided an update to Audit Committee regarding the planning of the annual audit by Audit Scotland for the year to 31 March 2020 in light of Covid-19 and all staff working remotely. Audit Committee was assured A&DS is actively managing this and recognised the importance of having regular communication with Audit Scotland.

Following meetings with LL and SR, Mark Ferris from Audit Scotland had written to JMacD outlining the pressures Audit Scotland is facing and to set out a revised accounts and audit timescale for the 2019/20 financial statements.

Audit Committee was advised that the revised timescale may change as the audit process continues, but was given comfort that A&DS staff and Audit Scotland would continue to work together to progress the audit of the Annual Report and Accounts for the year to 31 March 2020.

The paper was NOTED.

MF recorded his thanks to JMacD, LL and the Audit Committee for accommodating the revised timescale.

## **7. BUSINESS PLAN PROGRESS**

SR updated Audit Committee on the Business Plan progress and reported that of the 21 projects, 13 were on track, 7 were amber and 1 was red.

The two new amber ratings, Town Centre Living and Public Sector Client Forum (PSCF), were slightly behind schedule mainly due to Covid-19 and the postponement of events originally due to take place before the year end. PSCF has now moved to a digital platform and will take place next week with c150 participants signed up to date. SR reported projects showing green had met their 2019/20 milestones and noted the need to tie the Board year-end report and this paper together to show what had been achieved.

JMacD alerted Audit Committee to a paper going to the June 2020 Board meeting for discussion which shows Board members how A&DS is trying to balance the natural pressures of work alongside the additional challenges and opportunities presented by Covid-19.

KM highlighted the importance of ensuring we note not just challenges but the opportunities arising from Covid-19 particularly around wider engagement. SE commented on capacity, particularly of Local Authorities, to adopt new ways of working, and to be aware that disadvantaged areas may be least able to cope with the digital offer. Going forward SE suggested we need to look at how we can partner with organisations with a remit to connect disadvantaged communities.

SE commended staff on their ability to continue to deliver projects despite the Covid-19 situation.

The paper was NOTED.

## **8. RISK REGISTER**

SR reported the Risk Register was reviewed by the Management Team in May 2020.

The changes to the Risk Register were as follows:

**Risk ID 5 – Failure to achieve Corporate and Management targets** had moved to a red risk rating as productivity had reduced due to Covid-19. It was noted this was not a significant issue and productivity was down approximately 1.5 days per week. Scottish Government had made allowances for people with caring or childcare responsibilities which we are recording. Heather Chapple is rescoping projects, identifying issues and re prioritising work. In addition, A&DS staff are making use of digital platforms to assist.

**Risk ID 1 – Cybercrime** remains a significant risk and work is continually ongoing to mitigate this.

**Risk ID 6 – Loss of business continuity due to disaster event** is a low risk as overall we have managed the shift to working from home smoothly due to being well set up before Covid-19.

AB highlighted the need to reference in Risk ID no 6 the potential for the impact of loss of productivity by our stakeholders to impact on our work, eg inability to utilise online technology to run workshops etc.

SE thanked SR for the update.

The Report was NOTED.

## **9. INTERNAL AUDIT PROGRESS 2019/20**

GC joined the meeting for this item. SR reported A&DS had taken on all of the recommendations within the papers.

### **TIAA Internal Audit Progress Report**

Fortunately, all the internal audit work was completed before lockdown commenced. The report contained two 'Reasonable Assurance' reviews and made five priority 2 recommendations. Overall, this was a positive report.

### **Matrix working**

The review carried out in February 2020 gave rise to two priority 2 recommendations.

The majority of staff surveyed during the review found that the matrix working arrangements incorporated a good mix of staff skills and expertise. Areas of weakness identified were inadequate arrangements in place for knowledge and understanding to be transferred between the Project Leads and Welfare Managers in order to monitor performance resources and issues with staff across the organisation. One member of staff had raised concerns about their wellbeing and lack of support.

JM reported we were pleased to get this report and from it we have initiated a number of actions. We have spoken to all staff and as a result A&DS has been able to work through issues that are touched on in the report. JM noted that he was encouraged by the support from staff to introduce a significantly different way of working.

SR reported on the process side and the trialling of the MS project toolkit. If it meets our needs, we will use this off the shelf package that brings together all our needs into one place.

Overall, this was a positive report.

### **Follow up Review**

The audits considered as part of this follow up review included: Core Financial Controls, HR Policies and Procedures, Staff Performance Reviews, Corporate Performance Management. Recommendations to be carried forward have been accepted by the Management Team. Good progress has been made overall.

The majority of actions sit with SR and LL who will continue to progress improvements over the coming months. JMacD and SR will be looking at the balanced scorecard with a view to revising it to be incorporated into a new way of reporting to the Board.

SR reported we would shortly be running a small competitive competition to appoint a new three-year contract for internal audit services.

SE thanked GC for the update, staff and managers for engaging and responding so positively in the process.

Audit Committee NOTED the report.

## **10. TERMS OF REFERENCE FOR AUDIT COMMITTEE**

Audit Committee NOTED and ACCEPTED the updated Terms of Reference.

## **11. ANY OTHER BUSINESS**

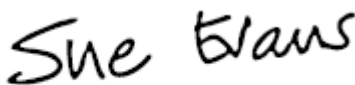
KM recorded her thanks to the team for the continued reassurance they have given in terms of progress despite the circumstances and hopefully use the lockdown as an opportunity to build on new ways of communication moving forward.

Date of next meeting 1<sup>st</sup> September 2020.

The Meeting closed at 11.05 am.

Signed:

**Sue Evans, Chair**



Date 9 September 2020

# Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

## **ARCHITECTURE & DESIGN SCOTLAND**

### **MINUTES OF AUDIT COMMITTEE MEETING (40)**

**Online via MS Teams**

**10:00 on Tuesday 1<sup>st</sup> September 2020**

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

**Staff:** Jim MacDonald (JMacD) (CEO), Lynne Lineen (LL), Sue Reynolds (SR) and Val MacBeath (VM - Minutes)

**Guests:** Mark Ferris (MF) (Audit Scotland), Adam Haahr (AH) (Audit Scotland)

#### **1. APOLOGIES & DECLARATIONS OF INTEREST**

Apologies were received from Ann Allen.

There were no declarations of interest.

#### **2. PREVIOUS MINUTES AND MATTERS ARISING**

The previous Minutes were AGREED.

The following was reported in relation to outstanding actions:

**May 19 No 3** – All Board members should have now attended the cyber security training session or watched the recording of it. This recording is available for future training sessions.

**Aug 19 No 4** – Trialling Microsoft Project Online with a sample of Project Leads to investigate using this platform to provide reporting information.

**March 20 No 3** – Training session for Board members on Governance from Anderson Strathern is scheduled to take place on 10<sup>th</sup> September 2020.

**March 20 No 4** – Aim to ensure the next round of appraisals capture the activity of Board members in committees. SE noted outstanding Board appraisals were in the process of being finalised. Need to look at succession planning to identify specific training that may be required for Audit Committee members along with shadowing to take over from SE and GH at a future date.

#### **ACTION 1: SE TO DISCUSS THE APPRAISAL PROCESS AND SUCCESSION PLANNING WITH AA**

**March 20 No 5** – This will be looked at in the wider governance review.

### **3. CEO GOVERNANCE STATEMENT AND MT STATEMENT OF INTERNAL CONTROLS**

SE commended and thanked JMacD and the Management Team for the particular focus on staff wellbeing and welfare over the last few months.

It was noted that the Management Team has worked effectively to ensure that all staff can work from home and collectively engage with each other as an organisation.

GH suggested adding GDPR to the list of matters reported in the paper. This was agreed.

#### **ACTION 2: GDPR TO BE INCLUDED IN FUTURE CEO GOVERNANCE STATEMENT**

GH asked for an update regarding the offices being closed. JMacD reported we remain in regular contact with colleagues at Scottish Government and are guided by their advice. At present the offices are likely to remain closed until Christmas.

There were no issues to be reported and the Report was NOTED.

### **4. AUDIT SCOTLAND'S ANNUAL AUDIT REPORT FOR YEAR ENDED 31 MARCH 2020**

LL was pleased to report that despite Covid-19, our preparation of the draft Annual Report and Accounts, and the audit work with Audit Scotland went very well. The excellent working relationship with Audit Scotland assisted in ensuring the audit went very smoothly and was completed in line with the original timetable.

LL noted that the appointment of Audit Scotland had been extended by one year to 2021/22 due to Covid-19.

AH introduced the Annual Audit Report prepared by Audit Scotland. He confirmed Audit Scotland expect to issue an unqualified audit report pending approval of the Annual Report and Accounts by the Board on 10<sup>th</sup> September 2020.

AH noted the material adjustment to the accounts in relation to the Scotland+Venice project to correct income and expenditure recognised in the incorrect period. This was due to Covid-19 and the resulting postponement of the Venice Biennale causing uncertainty over dates of the rescheduled event at the time the draft Accounts were being prepared.

SE noted the Audit Committee was pleased with the outcome of the audit process and being able to agree to submit to the Board the unqualified Annual Audit Report. SE noted thanks to CST and Audit Scotland for ensuring a well-run and efficient audit process.

AH and MF thanked LL and the CST team for their assistance with the audit work to ensure it had been a very smooth process. Given it had all been done remotely, the audit went remarkably smoothly despite the challenges of Covid-19. MF noted A&DS is the first of their audits to have the Annual Report and Accounts in 2020 ready for signing which is a significant achievement.

Audit Committee REVIEWED and AGREED the Annual Audit Report prepared by Audit Scotland.



## 5. ANNUAL REPORT AND ACCOUNTS TO 31 MARCH 2020

LL noted that the graphics including the colour of text within the Annual Report would be amended prior to the final draft of the Annual Report and Accounts being produced ready for signing.

### **ACTION 3: GRAPHICS AND COLOURED TEXT IN ANNUAL REPORT AND ACCOUNTS TO BE AMENDED PRIOR TO FINAL DRAFT OF ANNUAL REPORT AND ACCOUNTS BEING PRODUCED**

SE noted the Annual Report and Accounts was well laid out, very clear and provided all the information required. SE noted she had asked CST to obtain guidance from Scottish Government regarding future gender reporting.

Audit Committee AGREED the Annual Report and Accounts for the year to 31 March 2020 for formal approval by the Board on 10<sup>th</sup> September 2020.

## 6. REVISED OPERATING BUDGET 2020/21 version 2

The A&DS Operating Budget 2020/21 version 1 was approved by the Board in February 2020. The budget has been updated and a Draft Operating Budget 2020/21 version 2 was presented.

	Version 2	Version 1	
<b>Income</b>	<b>2020/21 (£)</b>	<b>2020/21 (£)</b>	<b>Difference %</b>
Grant in Aid	<b>1,670,000</b>	<b>1,670,000</b>	0%
Grant in Aid - Pension contribution	<b>40,000</b>	<b>40,000</b>	0%
Grant in Aid - Venice	<b>50,000</b>	<b>50,000</b>	0%
Grant in Aid - Decarbonisation	<b>130,000</b>	<b>168,689</b>	-23%
C/fwd Grant Decarbonisation 2019/20	<b>50,515</b>	<b>59,000</b>	-14%
C/fwd unspent in 2019/20	<b>55,000</b>	<b>0</b>	
Other	<b>131,000</b>	<b>16,000</b>	719%
<b>TOTAL</b>	<b>2,126,515</b>	<b>2,003,689</b>	6%
<b>Expenditure</b>			
Salaries	<b>1,359,676</b>	<b>1,378,605</b>	-1%
Seconded cost Decarbonisation team 2021/22	<b>23,613</b>	<b>0</b>	
Board Remuneration	<b>46,192</b>	<b>47,586</b>	-3%
Office accommodation	<b>76,233</b>	<b>91,448</b>	-17%
Employment costs	<b>62,830</b>	<b>61,710</b>	2%
Travel & Subsistence	<b>2,500</b>	<b>20,400</b>	-88%
Administration	<b>35,009</b>	<b>43,805</b>	-20%
Professional services	<b>21,042</b>	<b>21,042</b>	0%
IT	<b>77,586</b>	<b>77,586</b>	0%
Project Expenditure	<b>421,833</b>	<b>261,505</b>	61%

<b>TOTAL</b>	<b>2,126,515</b>	<b>2,003,689</b>	6%
--------------	------------------	------------------	----

#### **Split of Project Expenditure from above**

Schools	<b>60,000</b>	<b>60,000</b>
Scotland+Venice	<b>165,000</b>	<b>50,000</b>
Housing	<b>0</b>	<b>0</b>
Promoting Low Carbon - Material Library	<b>16,000</b>	<b>16,000</b>
Projects/Other expenditure approved in Business Plan	<b>6,000</b>	<b>0</b>
Unallocated income	<b>174,833</b>	<b>135,505</b>
	<b>421,833</b>	<b>261,505</b>

The budget position has changed from that previously presented to the Board in February 2020 and issues to highlight are:

- Scottish Government team has confirmed the Place Planning for Decarbonisation grant of £130,000, which is allocated to salaries within the A&DS budget. This includes an amount of £24,000 for seconded salaries cost until July 2021;
- Grant in Aid carried forward from 2019/20 of £55,000;
- Additional Grant of £115,000 for Scotland+Venice project from Creative Scotland;
- Due to Covid-19 both our offices remain closed and all staff are working from home. As a result, overhead costs, including travel and catering budgets have been reduced;
- After deducting salaries and overheads, the total funding available for projects in 2020/21 is £422,000 (previously £262,000 in version 1).

The revised budget shows funds available to spend on projects in 2020/21 of £422,000, which includes £60,000 for Schools projects, £165,000 for Scotland+Venice and £16,000 for the Promoting Low Carbon Design project.

The Management Team is working to identify suitable projects and expenditure for the currently unallocated income of £175,000.

Several project events were postponed or cancelled along with related expenditure; however, we are actively looking at alternative ways to deliver our work including the use of Microsoft Teams.

Audit Committee NOTED the Revised Operating Budget for 2020/21.

## **7. 2020/21 Q1 MANAGEMENT ACCOUNTS TO 30 JUNE 2020**

Q1 Management Accounts to 30 June 2020 were tabled.

### **Income**

The report shows that the total income for 2020/21 is budgeted to be £2,126,215 (2019/20 – total income £2,143,418). This includes c/fwd Income of £105,515 of which £50,515 relates to the 2020/21 salaries for the Place Planning for the Decarbonisation project and carry forward of Core Grant from 2019/20 of £55,000.

The additional Grant of £130,000 for the Place Planning for the Decarbonisation project includes an amount to pay for secondment salaries cost to 31 July 2021. This amount from 1 April 2021 to 31 July 2021 will be treated as deferred income in the Annual Report and Accounts to 31 March 2021 in line with the accounting treatment in 2019/20.

The other budgeted income of £131,000 is analysed below within Summary of Budgeted Income for 2020/21:

<b><u>BUDGETED INCOME 2020/21</u></b>	<b><u>£</u></b>
<b>GRANT IN AID</b>	
CORE GIA	1,365,000
SCHOOLS GIA	175,000
HEALTH GIA	130,000
ADDITIONAL GRANT PENSION CONTRIBUTION	40,000
ADDITIONAL GRANT VENICE	50,000
ADDITIONAL GRANT DECARBONISATION SG	100,000
ADDITIONAL GRANT DECARBONISATION SG	30,000
<b>TOTAL GRANT IN AID INCOME 2020/21</b>	<b><u>1,890,000</u></b>
<b>FUNDING C/FWD 2019/20</b>	
C/FWD DECARBONISATION GRANT - 3 MTHS	
SALARIES 2020/21	50,515
C/FWD GRANT FROM 2019/20	55,000
<b>TOTAL GRANT C/FWD PREVIOUS PERIODS</b>	<b><u>105,515</u></b>
<b>OTHER INCOME</b>	
CREATIVE SCOTLAND - SCOT+VENICE	50,000
CREATIVE SCOTLAND - SCOT+VENICE	50,000
CREATIVE SCOTLAND - SCOT+VENICE	15,000
FCS - MATERIALS LIBRARY	11,000
ZWS - MATERIALS LIBRARY	5,000
<b>TOTAL 2020/21 OTHER INCOME</b>	<b><u>131,000</u></b>
<b>TOTAL INCOME</b>	<b><u>2,126,515</u></b>

#### Expenditure

The total actual spend for the three months to 30 June 2020 was £352,000 representing 17% of total budgeted income (Q1 2019/20 - £398,000 - 25% of total income).

A further £1,196,000 of expenditure was committed by Purchase Orders at 30 June 2020 representing 56% of total budgeted income (Q1 2019/20 - £1,291,000 - 67%).

Due to Covid-19 both our offices remain closed and all staff are working from home. As a result, overhead costs, including travel, catering and office costs have not been spent by 30 June 2020 as planned.

Several project events were postponed or cancelled along with related expenditure due to Covid-19. We are actively looking at alternative ways to deliver our work including the use of Microsoft Teams and online platforms.

Within committed expenditure, £24,000 is committed for seconded salaries cost to be paid in relation to the Place Planning for Decarbonisation project in 2021/22 from the grant A&DS will receive in 2020/21.

Rent expenditure in relation to the Edinburgh office was prepaid in 2019/20 in relation to 2020/21 in the same manner as previous years.

#### Net Income less Spend and Committed

The total net income not spent or committed at 30 June 2020 was £579,000. This represents 27% of our total income.

A further £345,000 was approved expenditure at 30 June 2020 as per agreed budgets and the Business Plan but the expenditure had not yet been committed.

The budgeted income not yet allocated to expenditure is £234,000, of which £60,000 relates to Schools project, and the balance of £175,000 available for other projects and expenditure.

Given that Audit Scotland highlighted the five-year forecasts prepared by A&DS showed an operational deficit by 2024, SE asked if the Management Team had begun to consider the consequences of future use of the office in the Lighthouse. JMacD reported the Management Team is looking at this in the short to medium term. It was noted that the Bakehouse Close office lease runs until 2024 when a decision would need to be made regarding long term office requirements for A&DS.

It was also noted that the option is available to prepay the rent of £54,000 for Bakehouse Close for 2021/22 from the 2020/21 income, as has been done in previous years.

JMacD noted he is working with the Learning Directorate and Schools Team to consider project spend for Schools project. KM noted that there may be an increased demand in relation to interaction with schools and an appetite to rethink around how some of the education layouts work. Moving forward this could be a positive opportunity and might be a case for a potential carry forward. JMacD confirmed that conversations would take place in October with colleagues in the Learning Directorate which will focus on looking at these options.

SE asked if we have a level of comfort that the spend of unallocated income of £175,000 is achievable within the timescale. JMacD confirmed he was in close consultation with Scottish Government to discuss the options of carrying forward unspent funds to future periods or returning grant funding to them. JMacD noted his understanding was a preference from Scottish Government for A&DS to spend the grant income or carry forward unspent funds to future years. The position will be clearer in the new year.

SE thanked LL for the report.

Audit Committee NOTED the Report.

## **8. BUSINESS PLAN PROGRESS**

SR reported the progress of work in the Business Plan from April-July 2020 was below the level planned due to the Covid-19 situation and less staff capacity due to home schooling.

Within the Management Team, Heather Chapple (HC) has led an exercise to review all the projects and determine what changes are required, including any work which cannot be done at this time. JMacD highlighted how well A&DS have worked in difficult circumstances.

SR noted we should be able to report RAG ratings by the end of Q2 against a new set of milestones that have been agreed with Project Leads over the last few days.

SE thanked the Management Team and asked for thanks to be passed to HC for leading the review.

SE requested a report setting out the revised milestones with a RAG rating be prepared for the next Audit Committee meeting.

### **ACTION 4: REVISED MILESTONES WITH RAG RATING TO BE REPORTED AT NEXT AUDIT COMMITTEE MEETING**

Audit Committee NOTED the Report.

## **9. RISK REGISTER**

SR reported that the Management Team continues to check and review the Risk Register.

The two greatest risks are Cybercrime and failure to meet project milestones.

It was noted A&DS will be putting in place recommendations from a recent cybercrime analysis to help avoid potential cyberattacks on our IT systems.

GH requested a presentational heading on the Net Risk Total column to explain this was after taking account of controls in place.

### **ACTION 5: ADD HEADINGS ON RISK REGISTER TO EXPLAIN BOTH TOTAL COLUMNS**

GH felt the target score for "Failure to achieve Corporate and Management targets" of 4 was unrealistic. SR agreed the Management Team would review this.

### **ACTION 6: MANAGEMENT TEAM TO REVIEW TARGET SCORE FOR "FAILURE TO ACHIEVE CORPORATE AND MANAGEMENT TARGETS" IN RISK REGISTER**

GH noted 'negligible' had been misspelt within the table. SR agreed to correct.

### **ACTION 7: TYPO ON RISK REGISTER TO BE CORRECTED**

GH suggested adding GDPR as a risk we are managing. SR agreed to add this to the Risk Register.

### **ACTION 8: GDPR TO BE ADDED TO THE RISK REGISTER**

AB noted Covid-19 is referred to in the Risk Register as an external impact and we should consider the internal impact, for example, the absence of key personnel for an extended period. SE noted this may be included in loss of business continuity.

JMacD agreed that we may need to draw this out more clearly within the document. LL highlighted the agile working project is documenting the work employees are working on which is useful when everyone is working from home and if anyone is absent.

**ACTION 9: MANAGEMENT TEAM TO CONSIDER UPDATING RISK REGISTER FOR INTERNAL IMPACT OF COVID-19**

Audit Committee REVIEWED the Risk Register and noted its approval to the Board.

**10. INTERNAL AUDIT UPDATE**

SR reported A&DS had carried out a procurement exercise for a new internal audit contract via the Scottish Government tendering process.

Only one tender was received which was from TIAA. This application scored highly, and Management Team proposed to the Audit Committee that TIAA are appointed as internal auditors for the next three years.

Audit Committee ACCEPTED the recommendation to appoint TIAA as A&DS's internal auditor for a period of three years.

**11. ANY OTHER BUSINESS**

MF alerted Audit Committee to a new guide produced by Audit Scotland on "Covid-19 Audit and Risk Committees guide". The guide is intended to help Audit Committee members with questions arising from Covid-19 and the mitigating action taken. MF noted he would be happy to give a more formal update at a future meeting.

SE thanked MF for this information and requested that a link to the new guide is circulated along with a link to Audit Scotland's Covid-19 Hub to Audit Committee members with a deadline for comments.

Following a review of the comments, SE noted a decision would then be taken regarding any future action regarding this guide.

**ACTION 10: CIRCULATE LINKS TO AUDIT SCOTLAND GUIDE ON COVID-19 AND AUDIT COMMITTEE GUIDE AND COVID-19 HUB**

Date of next meeting 3<sup>rd</sup> November 2020

The Meeting closed at 11.20.

Signed:   
**Sue Evans, Chair**

Date: 6 April 2021

## **ARCHITECTURE & DESIGN SCOTLAND**

### **MINUTES OF AUDIT COMMITTEE MEETING (41)**

**Online via MS Teams**

**10:00 on Tuesday 2<sup>nd</sup> November 2020**

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

**Staff:** Jim MacDonald (JMacD) (CEO), Lynne Lineen (LL), Sue Reynolds (SR) and Val MacBeath (VM - Minutes)

**Guests:** Adam Haahr (AH) (Audit Scotland) and Martin Ritchie (TIAA)

#### **1. APOLOGIES & DECLARATIONS OF INTEREST**

Apologies were received from Mark Ferris (MF) (Audit Scotland) and Bruce Ross (BR).

There were no declarations of interest.

#### **2. PREVIOUS MINUTES AND MATTERS ARISING**

The previous Minutes were AGREED.

The following was reported in relation to outstanding actions:

**Mar 20 No 3** – BR was due to attend the meeting today but due to work commitments will attend the next Audit Committee meeting on 2<sup>nd</sup> March 2021. He will undertake induction training prior to this meeting.

Audit Committee were happy to agree condensing the matters arising highlighted in grey into one new matters arising highlighted in green. This will be taken forward in conjunction with the Chair to develop and agree a revised report which will be available for end of Q1 results in 2021/22.

**ACTION 1: CONDENSE MATTERS ARISING HIGHLIGHTED IN GREY INTO ONE NEW MATTERS ARISING HIGHLIGHTED IN GREEN.**

#### **3. CEO GOVERNANCE STATEMENT AND MT STATEMENT OF INTERNAL CONTROLS**

The increase in the sickness comparison number of days was highlighted. It was noted the employee had now returned to work on a phased basis which would see a reduction in the figure for the next quarter.

The Chair noted under Health and Safety the Board appreciate the effort going into the weekly newsletter particularly the wellbeing aspects.

There were no issues to be reported and the Report was NOTED.

#### 4. 2020/21 Q2 MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2020

##### Income

The total income for 2020/21 is budgeted to be £2,141,515 (2019/20 – total income £2,052,377). This includes c/fwd Income of £105,515 of which £50,515 relates to the 2020/21 salaries for the Place Planning for the Decarbonisation project and carry forward of Core Grant from 2019/20 of £55,000.

The other budgeted income of £131,000 is analysed below within Summary of Budgeted Income for 2020/21:

##### **Summary of Budgeted Income 2020/21**

<b>INCOME</b>	£
<b>GRANT IN AID</b>	
CORE GIA	1,365,000
SCHOOLS GIA	175,000
HEALTH GIA	130,000
ADDITIONAL GRANT PENSION CONTRIBUTION	40,000
ADDITIONAL GRANT VENICE	50,000
ADDITIONAL GRANT VENICE	15,000
ADDITIONAL GRANT DECARBONISATION SG	100,000
ADDITIONAL GRANT DECARBONISATION SG	30,000
<b>TOTAL GRANT IN AID INCOME 2020/21</b>	<b><u>1,905,000</u></b>
<b>FUNDING C/FWD 2019/20</b>	
DECARBONISATION GRANT MONIES C/FWD FOR THREE MONTHS SALARIES	50,515
C/FWD GRANT UNSPENT IN 2019/20	55,000
<b>TOTAL GRANT C/FWD PREVIOUS PERIODS</b>	<b><u>105,515</u></b>
<b>OTHER INCOME</b>	
CREATIVE SCOTLAND - SCOT+VENICE	50,000
CREATIVE SCOTLAND - SCOT+VENICE	50,000
CREATIVE SCOTLAND - SCOT+VENICE	15,000
FCS - MATERIALS LIBRARY	11,000
ZWS - MATERIALS LIBRARY	5,000
<b>TOTAL 2020/21 OTHER INCOME</b>	<b><u>131,000</u></b>
<b>TOTAL INCOME</b>	<b><u><u>2,141,515</u></u></b>



The additional Grant of £130,000 for the Place Planning for the Decarbonisation project includes an amount of £24,000 to pay for secondment salary costs to 31 July 2021. This amount from 1 April 2021 to 31 July 2021 will be treated as deferred income in the Annual Report and Accounts to 31 March 2021 in line with the accounting treatment to 31 March 2020.

### Expenditure

The total actual spend for the six months to 30 September 2020 was £734,000 representing 34% of total budgeted income (Q2 2019/20 - £793,000 - 39% of total income).

A further £837,000 of expenditure was committed by Purchase Orders at 30 September 2020 representing 39% of total budgeted income (Q2 2019/20 - £938,000 - 46%).

In total £1,572,000 was spent or committed at 30 September 2020 representing 73% of total budgeted income (Q2 2019/20 - £1,731,000 - 84%).

A further £523,000 was approved expenditure at 30 September 2020 as per agreed budgets and the Business Plan but the expenditure had not yet been committed (Q2 2019/20 - £266,000)

### Project and overheads expenditure

Several project events were postponed or cancelled along with related expenditure; however, A&DS is actively looking at alternative ways to deliver our work including the use of Microsoft Teams.

The Scotland+Venice project has been delayed due to Covid-19. The Project Team is working with external partners to put in place alternative plans for delivering the project. The team is planning to fully spend the budget of £175,000 which has been approved but not yet been spent or committed.

The Schools Team is working with the Learning Directorate to agree projects for 2020/21 given the restrictions and challenges caused by Covid-19, and how to deal with any planned underspend of the Schools grant income. It was reported JMacD had recently met with the Schools team to discuss how the £21,000 underspend would be utilised.

Within committed expenditure, £24,000 is committed for secondment salary costs to be paid in relation to the Place Planning for Decarbonisation project in 2021/22 from the grant A&DS will receive in 2020/21.

Due to Covid-19 both our offices remain closed and all staff are working from home. As a result, overhead costs, including travel, catering and office costs have not been spent by 30 September 2020 as planned.

Management Team is continuing to review overheads and the considerations necessary for returning to work in the offices when this will be appropriate to do so.

Rent expenditure in relation to the Edinburgh office was prepaid in 2019/20 in relation to 2020/21 in the same manner as previous years. It is planned to prepay the 2021/22 rent for the Edinburgh office from the 2020/21 income.

### Net Income less Spend, Committed and Approved

The total net income not spent, committed or approved at 30 September 2020 was £46,000. This represents 2% of our total income (Q2 2019/20 £56,000 – 3%).

Of this £46,000, £21,000 relates to the Schools project, and the balance of £25,000 is available to be allocated to other approved projects and expenditure.

Management Team is working with staff to discuss alternative ways to proceed considering Covid-19 and is confident of spending 2020/21 income by 31 March 2021.

Audit Committee noted that we are in a more favorable position in that income not spent, committed or approved was lower at Q2 2020/21 than Q2 2019/20.

Management Team and staff were to be thanked and congratulated on setting the information out and ensuring we are spending despite the complexity of individual projects and Covid-19.

Audit Committee NOTED the report

## **5. BUSINESS PLAN PROGRESS**

There are currently 21 projects reported on for Q2 2020/21 (unchanged from Q1 2020/21).

Projects have been re-scoped for the remainder of 2020/21 to take account of issues associated with Covid-19. Management Team are reallocating work to ensure it is delivered.

Of the 21 projects the ratings are red – 0, amber – 6, green - 11 and 4 on hold due to Covid-19.

We continue to trial Microsoft Project Online and will develop it during Q3 and Q4 2020/21.

Alongside the new 10-year strategy which will commence on 1 April 2021, will be a refresh of the project structure to be aligned with the new strategy. This will dovetail with the revised Performance Report from 1 April 2021.

The Corporate Services Manager will liaise with the Chair of Audit to ensure the performance report contains the appropriate information to enable Audit Committee to scrutinise the organisation's performance on behalf of the Board.

It was noted we are using the Case Studies project as a tool to evaluate and share learning.

It was acknowledged the need to work on a mechanism to track, capture and share project outcomes once projects are complete. It was recognised that once a project is closed, the impacts are often not fully realised until 12-24 months after the delivery of the project. The Management Team will discuss how to do this over the next few months and thoughts and ideas from Audit Committee would be welcomed.

Audit Committee NOTED the report.

### **ACTION 2: MECHANISM TO BE DEVELOPED TO TRACK, CAPTURE AND SHARE PROJECT OUTCOMES**

## 6. RISK REGISTER

The Risk Register was reviewed by Management Team in October 2020 and the following updates are included in the updated Risk Register:

### New Risk

**Risk ID no 7 – GDPR Compliance** as requested by Audit Committee at the September 2020 meeting.

### Update on existing risks

- **Risk ID 5 - Failure to achieve Corporate and Management targets**

The Director of Design has finalised the work planning exercise to ensure projects are re-aligned to maximise delivery, albeit on a scaled down capacity.

- **Risk ID 2 – Loss of any key individual** – remains unchanged.
- **Risk ID 1 – Cybercrime** – remains unchanged.

Cybercrime remains a huge threat to any organisation, and perhaps more so under the present circumstances of Covid-19. An IT cyber assessment has been carried out by a security expert and the Management Team is in the process of reviewing a plan to implement measures to increase security further.

- **Risk ID 3 - Insufficient stakeholder funding** – remains unchanged.

This will be an important priority once we have a clearer picture on the financial impact of Covid-19 on Scottish Government budgets. The CEO is in regular communication with our Sponsor.

- **Risk ID 6 - Loss of business continuity due to disaster event** – remains unchanged.
- **Risk ID 4 - Loss of financial control** – remains unchanged.

In terms of Freedom of Information (FOI) requests, it was confirmed that A&DS received and responded to five FOIs in 2019/20. A&DS continue to work on being transparent through our website. The use of SharePoint will allow easier access to finding items on different subjects. We hope to improve this further through our new reporting system on Microsoft Office365 from April 2021 onwards.

Audit Committee REVIEWED the content of the updated Risk Register and formally note its approval to the Board.

## 7. INTERNAL AUDIT

As reported at the Audit Committee meeting on 1 September 2020, the contract for the provision of Internal Audit services was successfully won by TIAA, who will be providing our internal audit service from the next three years to 31 March 2023.

The internal audit topics for 2020/21 agreed by MT are noted below:

No	Topic	Date of Audit	Report to Audit Committee
1	New 10-year strategy – review strategy and provide advice for monitoring over 10-year period	Dec 2020	March 2021
2	Performance Pack refresh – review items within performance pack and provide advice to tie in with 10-year strategy implementation	March 2021	May 2021

Management Team are in the process of agreeing the 3-year plan for internal audit work with TIAA. The 3-year strategy will be prepared by TIAA in the next few weeks and circulated to Audit Committee for information. The strategy would be reviewed annually.

### **ACTION 3: CIRCULATE INTERNAL AUDIT 3-YEAR STRATEGY TO AUDIT COMMITTEE**

Audit Committee NOTED the update regarding internal audit.

## **8. AUDIT SCOTLAND APPOINTMENT**

The Auditor General for Scotland has appointed Audit Scotland as external auditor of Architecture & Design Scotland under the Public Finance and Accountability (Scotland) Act 2000.

The initial period of appointment was 2016/17 to 2020/21, inclusive.

Due to Covid-19 this has been extended by one year to 2021/22. The extension will be through to the audit of the 2021/22 year. Mark Ferris of Audit Scotland will remain the auditor for Architecture & Design Scotland throughout this period.

This extension has been formally confirmed by an email from John Gilchrist, Associate Director, Audit quality and appointments, Audit Scotland to CEO Jim MacDonald.

Despite the complexities of Covid-19, the 2019/20 external audit went very smoothly. Audit Committee welcomed the extension of Audit Scotland as external auditors through to the audit of the 2021/22 year.

Audit Committee NOTED the Report.

## **9. SUCCESSION PLANNING OF MEMBERSHIP FOR THE AUDIT COMMITTEE**

As agreed at the Audit Committee meeting in March 2020, the Chair of Audit Committee would consider succession planning of the Audit Committee membership in conjunction with the Chair of the Board.

The Chair of the Board and the Chair of the Audit Committee are proposing Board member Bruce Ross (BR) attends all future Audit Committee meetings as an observer. Induction training will be organised for BR prior to 31 January 2021. When a future vacancy arises for the Audit Committee, BR will be in position to be elected to the Audit Committee.

As noted in the Terms of Reference, all appointments of Board members to the Audit Committee must be formally agreed by the Board.

This succession planning for Audit Committee when GH and SE step down in April 2022, along with a recruitment process, will help to ensure continuity and consideration of options in terms of future membership of Audit Committee.

Audit Committee NOTED the report.

#### **10. ANY OTHER BUSINESS**

There was no other business.

The Chair thanked everyone for their input.

Date of next meeting 2<sup>nd</sup> March 2021.

The Meeting closed at 11:00.

Signed:   
**Sue Evans, Chair**

Date: 6 April 2021

# Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

## **ARCHITECTURE & DESIGN SCOTLAND**

### **MINUTES OF AUDIT COMMITTEE MEETING (42)**

**Online via MS Teams**

**10:30 on Tuesday 2<sup>nd</sup> March 2021**

**Present:** Sue Evans (SE) (Chair), Angela Bonney (AB), Kirsty Macari (KM), Lynn Wilson (LW), Bruce Ross (BR - present until 11:00) and Ann Allen (AA)

**Staff:** Jim MacDonald (JM) (CEO), Lynne Lineen (LL), Sue Reynolds (SR) and Val MacBeath (VM - Minutes)

**Guests:** Mark Ferris (MF) (Senior Manager, Audit Scotland), Aimee MacDonald (AM) (Audit Scotland) and Andrew McCulloch (AM) (TIAA)

#### **1. APOLOGIES & DECLARATIONS OF INTEREST**

The Chair welcomed the Committee and guests to the meeting. There were no apologies and no declarations of interest.

#### **2. PREVIOUS MINUTES AND MATTERS ARISING**

The previous Minutes were AGREED.

The matters arising were noted and the Committee were pleased to note that progress was being made on developing the new performance reporting dashboard which will be in place for the end of Quarter 1 of 2021/22.

#### **3. MEMBERSHIP UPDATE AND UPDATED TERMS OF REFERENCE FOR AUDIT COMMITTEE**

The Committee formally noted that Graham Hill had resigned from the Audit Committee on 11 February 2021 due to work commitments.

The Chair of the Board and the Chair of the Audit Committee proposed Board member Bruce Ross (BR) join Audit Committee with effect from 11 February 2021. This was approved by the Board on 11 February 2021.

The Audit Committee Terms of Reference Annex 1 had been updated to incorporate these changes.

The Chair of Audit Committee thanked GH for his considerable contribution over the period he served on Audit Committee.

The Committee NOTED the report and the updated Audit Committee's Terms of Reference.

#### 4. CEO GOVERNANCE STATEMENT AND MT STATEMENT OF INTERNAL CONTROLS

The Committee NOTED the Quarterly Governance and Statement of Internal Controls paper, the paper noted no significant issues on governance or internal controls during quarter 3 of 2020/21.

#### 5. 2020/21 Q3 MANAGEMENT ACCOUNTS TO 31 DECEMBER 2020

##### Income

The report showed that the total income for 2020/21 is budgeted to be £2,191,515 (2019/20 – total income £2,052,377). This includes c/fwd Income of £105,515 of which £50,515 relates to the 2020/21 salaries for the Place Planning for the Decarbonisation project and carry forward of Core Grant from 2019/20 of £55,000.

The other budgeted income of £131,000 is analysed within Summary of Budgeted Income for 2020/21:

##### Summary of Budgeted Income 2020/21

<b>INCOME</b>	<b>£</b>
<b>GRANT IN AID</b>	
CORE GIA	1,365,000
LEARNING ESTATE GIA	175,000
HEALTH GIA	130,000
ADDITIONAL GRANT PENSION CONTRIBUTIONS	40,000
ADDITIONAL GRANT VENICE FROM PAD	50,000
ADDITIONAL GRANT VENICE FROM REGENERATION	15,000
ADDITIONAL GRANT VENICE FROM SUPPORT EXTERNAL RELATIONS	50,000
ADDITIONAL GRANT DECARBONISATION SG	100,000
ADDITIONAL GRANT CLIMATE CHANGE SG	30,000
<b>TOTAL GRANT IN AID INCOME 2020/21</b>	<b><u>1,955,000</u></b>
<b>FUNDING C/FWD 2019/20</b>	
Decarbonisation grant monies c/fwd for three months salaries	50,515
C/fwd Grant unspent in 2019/20	55,000
<b>TOTAL GRANT C/FWD PREVIOUS PERIODS</b>	<b><u>105,515</u></b>
<b>OTHER INCOME</b>	
CREATIVE SCOTLAND - SCOT+VENICE	50,000
CREATIVE SCOTLAND - SCOT+VENICE	50,000
CREATIVE SCOTLAND - SCOT+VENICE	15,000
FCS - Materials Library	11,000

ZWS - Materials Library

5,000

**TOTAL 2020/21 OTHER INCOME**

**131,000**

**TOTAL INCOME**

**2,191,515**

A proportion of the Grants totalling £130,000 for the Place Planning for the Decarbonisation project includes income to pay for project costs to 31 July 2021. This will be treated as deferred income in the Annual Report and Accounts to 31 March 2021 in line with the accounting treatment to 31 March 2020.

Expenditure

The total actual spend for the nine months to 31 December 2020 was £1,141,000 representing 52% of total budgeted income (Q3 2019/20 - £1,294,000 - 62% of total income).

A further £568,000 of expenditure was committed by Purchase Orders at 31 December 2020 representing 26% of total budgeted income (Q3 2019/20 - £618,000 - 30%).

In total £1,709,000 was spent or committed at 31 December 2020 representing 78% of total budgeted income (Q3 2019/20 - £1,913,000 - 91%).

A further £456,000 expenditure was approved at 31 December 2020 as per agreed budgets and the Business Plan but the expenditure had not yet been committed (Q3 2019/20 - £140,000). Of this balance of £456,000, £232,000 relates to the Venice project and £78,000 relates to the Digital Strategy work.

Project and overheads expenditure

Several events were postponed or cancelled along with related expenditure; however A&DS has actively looked at alternative ways to deliver our work including the use of Microsoft Teams.

The Scotland+Venice project has been delayed due to Covid-19. The Project Team is working with external partners to put in place alternative plans for delivering the project. The team is planning to fully spend the budget of £250,000.

The Schools Team continues to work with the Learning Directorate to agree projects for 2020/21 given the restrictions and challenges caused by Covid-19, and how to deal with any planned underspend of the Schools grant income. At present the Schools team is predicting an underspend of £25,000 in 2020/21 which our Sponsor has agreed A&DS will not drawdown and the funds will be returned to the Learning Directorate.

Within committed expenditure, £32,000 is committed for costs to be paid in relation to the Place Planning for Decarbonisation project in 2021/22 from the grant A&DS will receive in 2020/21.

Due to Covid-19 both our offices remain closed, and all employees continue to work from home. As a result, overhead costs, including travel, catering and office costs have not been spent by 31 December 2020 as budgeted. Currently it is not known when employees will return to office-based working.



In Q4 we will review all overhead budgets to identify potential underspends which will be reallocated to other budgets.

In line with prior years, rent expenditure in relation to the Edinburgh office was prepaid in 2020/21 in relation to 2021/22.

#### Net Income less Spend, Committed and Approved

The total net income not spent, committed or approved at 31 December 2020 was £26,000. This represents 1.2% of our total income (Q3 2019/20 £39,000 – 1.8%).

This includes the amount of £25,000 underspend in relation to Schools which will not be drawdown by A&DS. In 2020/21 our total income will therefore be reduced by £25,000.

Management Team will continue to review all expenditure and reallocate any potential underspend to other budgets.

Management Team is confident of spending 2020/21 income by 31 March 2021.

The Committee noted that the total income for the year 2020/21 has been reduced by £25,000.

The Chair of Audit Committee noted the considerable effort that had gone into the programming and activity of the spend and thanked CST and staff particularly under the current circumstances.

The Committee NOTED the report.

## **6. BUSINESS PLAN PROGRESS**

At end of Q3 2020/21, of the 21 current projects on the Business Plan, the majority of projects have been re-scoped for the remainder of 2020/21 to take account of issues associated with Covid-19 and our work continues to keep pace with our clients' capacity to engage.

The Committee noted that the early flurry of interest in the KAG offer of Green Recovery support was turning into active work. This work was greater than initially anticipated with significant work in the scoping state to align expectations.

The Committee were pleased that our work with Schools has also adapted, operating at a more systemic level, building the partnerships and learning outcomes needed to stand us in good stead into the new strategy. The joint event with Scottish Futures Trust (SFT) was a key highlight pre-Christmas.

The Committee noted that the first skills module on Housing had been published and Case Study work continued to make up ground. Work is also ongoing on re-casting our role in the Venice Biennale. We have continued to raise awareness through events, RIAS awards and the Annual Review.

In addition to the core commitments, we are responding to key consultations, and beginning to support interesting studies such as work on "resilient high streets" and the Beacons project for COP26. These will continue to be developed in Q4 2020/21.

The Chair of the Committee expressed her thanks for the update and detailed report. She noted it was a work in progress in terms of how we report on our performance.

The Committee NOTED the report.

## **7. RISK REGISTER**

The Committee noted that the Risk Register had been reviewed by Management Team in February 2021 and two of the risks had been updated:

- **Risk ID 1 – Cybercrime** – increased.

Cybercrime continues to be a huge threat to any organisation, and increasingly so under the present circumstances of Covid-19 with home working and the use of new IT platforms to support remote working. Other public sector bodies including SEPA have recently been targeted and suffered major disruptions as a result.

An IT cyber assessment has been carried out for A&DS by a security expert and the Management Team continues to implement measures to increase security further.

A monthly back up of the A&DS IT system is stored separately from daily backups. This can be used to restore functionality in the event of a ransom attack.

- **Risk ID 3 - Insufficient stakeholder funding** – reduced.

A&DS has received confirmation from Scottish Government of additional Grant funding in 2021/22 of £100,000. Budgets have been prepared which demonstrate we have sufficient funding for staffing and overheads in 2021/22.

The CEO is in regular communication with our Sponsor who continue to indicate long term support of A&DS.

The Committee requested that Management Team review Risk no 5 - Failure to achieve Corporate and Management targets - in light of the discussion at Item 5 above concerning the grant income which will not be drawn down in relation to schools.

### **ACTION 1: MANAGEMENT TEAM TO CONSIDER RISK NO 5 AT NEXT RISK REGISTER REVIEW**

The Committee NOTED the report.

## **8. INTERNAL AUDIT UPDATE**

The first internal audit of 2020/21 has been completed on the Corporate Planning Process and delivery.

A "Substantive Assurance" rating on the effectiveness of the process was recorded, with one level 3 finding to develop an action plan for performance reporting from 1 April 2021 being noted. The Management Team has accepted this finding and has put a plan in place to take this finding forward.

The Committee noted this was another area which represents a lot of work from A&DS. They were pleased to see the direct linkage with the next internal audit which is an advisory report to assist Management Team with the development of a new performance reporting dashboard.

The Committee NOTED the Report.

## **9. AUDIT SCOTLAND UPDATE**

The Committee noted that Audit Scotland completed the A&DS audit for the year to 31 March 2020 in line with the original timetable and A&DS was the first public sector body to have its Annual Report and Accounts signed in 2020.

However due to the impact of Covid-19, many of Audit Scotland's other public sector audit clients delayed the completion of their March 2020 audits (some by 4 – 6 months) which has had a knock-on impact on Audit Scotland's audit planning work for 2021 audits.

The Committee noted Audit Scotland's aim to have all audit work completed in line with statutory deadlines - for A&DS that date is 31 December 2021.

Audit Scotland is currently planning the scheduling of audit field work for all clients and the Committee noted that A&DS audit is likely to be delayed until late September/October 2021. A&DS confirmed its flexibility with the dates of the audit fieldwork should there continued delays with other planned audit work and then Audit Scotland could potentially bring forward the date of the A&DS audit work at short notice.

Audit Scotland intend to circulate the Annual Audit Plan (AAP) to the Audit Committee by 31 March 2021 for comment and noting and confirmed that they were content to then have e-mail confirmation from the Chair of Audit Committee that the Committee is content to note the AAP and the decision will be recorded on at the June 2021 Audit Committee meeting.

MF drew the Audit Committee's attention to the recently published paper *Tracking the Implications of Covid-19 on Public Finances* which was available from the Audit Scotland website.

The 2020/21 Audit Team had been confirmed. Chair of the Committee thanked our previous Audit Manager, Adam Haahr for his input over the years and wished him well with his future career.

The Committee noted that the annual audit fee for 2020/21 will be £8,450.

The Committee NOTED the report.

## **10. BENCHMARKING SICKNESS ABSENCE RATES**

When the A&DS absence rate of 2.06% in the year to 31 March 2020 is benchmarked with other organisations, it was found that the A&DS absence rate is in line with other public sector bodies.

The Committee NOTED the report.

## 11. ANY OTHER BUSINESS

There was no other business.

The Meeting closed at 11:25.

Date of next meeting Tuesday 1<sup>st</sup> June 2021 at 10.30am.

Signed:  .....

**Sue Evans, Chair**

15 June 2021  
Date.....