

Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

ARCHITECTURE & DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING [58]

Online via MS Teams

09:30 on Wednesday 26 June 2024

Present: Kirsty Macari (Chair), Angela Bonney (AB), Daisy Narayanan (DN), Caroline Parkinson (CP), Alistair Scott (AS), Bruce Ross (BR) and Lynn Wilson (LW)

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

Guests: Stephanie Harold (SH) (Audit Scotland) and Cameron Boyd (CB) (TIAA)

Apologies: Sam McCabe, Martin Ritchie (TIAA) and Georgiana Varna

1. APOLOGIES & DECLARATIONS OF INTEREST

Apologies were received from Sam McCabe, Georgiana Varna and Martin Ritchie.

There were no declarations of interest.

2. PREVIOUS MINUTES AND MATTERS ARISING

The previous Minutes of 3 March 2024 were **AGREED**.

Matters arising

Item No 3 - It was reported that training had been pushed back but would be programmed in for the start of the autumn.

The Chair noted that as the last Audit Committee meeting was not quorate we need agreement that we are content with the Deep Dive topics. The Committee gave their agreement to the Deep Dive topics.

3. CEO GOVERNANCE STATEMENT AND MT STATEMENT OF INTERNAL CONTROLS

The following was highlighted from the report:

- Short term sickness absence was mainly due to covid-19 and was down from the same period last year. Long term sickness absence has increased from the same period last year due to two staff members requiring emergency unplanned operations with long recuperation times. We will be doing a review of sickness and comparing to likeminded Public Bodies at the next meeting.
- There was one piece of correspondence from an MSP that came in during Quarter 3 which was replied to and then a follow up letter about the same issue arrived in Q4 from the same MSP. After taking legal advice it was decided the original letter in Q3 and the follow up letter in Q4 should have been treated as an FoI request. We have informed the Scottish Information Commissioner of our failure to classify both pieces of correspondence under FoI procedures. The reply to the second letter was treated as an FoI with suitable exemptions applied. It was acknowledged that this was a breach and we may get a letter from the Information Commissioner.
- There was one single tender action sign off in the quarter for £3,000 for illustrations for the CAT project.

It was noted that the workload for the long term sickness absences was discussed at the Leads Coordination Group and managed/rescoped to ensure there was cover. One member of staff has returned to work full time and the second member of staff is on a phased return.

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

4. 2023/24 Q4 PERFORMANCE REPORT

4.1 Finance

Budget for 2023/24

- Budget 2023/24 Version 1 was presented and approved by the February 2023 Board meeting.

Management Accounts 2023/24 Highlights

Detailed management accounts are shown in Appendix A.

Income

- The report shows that the total budgeted income for 2023/24 via our grant letter is £2,090,000. At the end of 2023/24 Q4 we had drawn down the full £2,090,000 – which equates to 100% of total grant funding.

Summary of Income for 2023/24:

| Version 1 - APPROVED BY BOARD | |
|----------------------------------|------------------|
| Income | 2023/24 (£) |
| Grant in Aid | 1,465,000 |
| Grant in Aid - CAT | 305,000 |
| Grant in Aid - Schools | 175,000 |
| Grant in Aid - Venice | 15,000 |
| Grant in Aid - Health | 130,000 |
| TOTAL | 2,090,000 |

Expenditure

- The total actual spend by end of Q4 2023/24 to 31 March 2024 was £1,948,000 representing 93% of total income (Q4 2022/23 - £2,027,000 representing 92% of total income).
- A further £143,000 of expenditure was committed by Purchase Orders at 31 March 2024 representing 7% of total budgeted income (Q4 2022/23 - £175,000 - 8%).
- A&DS aligns to Scottish Government's Pay Policy for salaries. Scottish Government negotiations with Trade Unions for 2023/24 were finalised in May 2023 and have been implemented by A&DS.

Net Income less Spend and Committed Expenditure

- Income in 2023/24 was 100% fully spent or committed by 31 March 2024 (at 31 March 2023 100% of income was fully spent or committed).

The Committee recognised the financial challenges and that we have managed the budget well and noted this will be discussed at the Board meeting.

4.2 Risk

The risks were reviewed by the Leadership Team in February 2024 and the following risks were highlighted from the report:

- **Cybercrime** moved down due to the financial and staff risks taking priority. This is still a significant risk for A&DS in general and mitigations are in place to limit impact.
- **Failure to achieve Corporate and Management Targets** moved down due to the financial and staff risks taking priority. Still a risk due to dropping staff levels.

- **Insufficient Stakeholder Funding** Remains our no 1 risk but the Leadership Team feel that it's now that the gross likelihood has increased to 12 and even with mitigation it remains critical. Discussion at Board will flesh out more on this topic .
- **Loss of staff capacity** remains a significant risk due to lack of funding and capacity to recruit.
- **Loss of financial control** moved down due to other risks taking priority. This is very much a managed risk hence its green rating after mitigation.
- **Failure to comply with GDPR regulations** moved to the bottom of the register due to other priority risks.

It was noted that there was a typo on the No 1 risk. The 'RAG after mitigation' should be 12 not 16.

ACTION: CHANGE RATING FROM 16 TO 12

The Chair noted we need to be mindful of staff wellbeing and having that as a risk for the organisation.

It was reported that the Leads Coordination Group looks at the work that has the most impact and delivers on our outcomes. We need to recognise that some things do need to stop for whatever reasons.

4.3 Business Plan

It was reported that we are looking for agreement from Audit Committee in setting tolerances. At the moment if we don't get 100 percent on target the status flags up as amber. What we propose to do is set some kind of tolerance for everything, but particularly for the case work for reasons out with our control, that would reflect a more realistic impression. The way that we are set up at the moment means that one small target miss results in something being not on track.

Committee asked if there was a way of looking at these through a staff lens, is it achievable with the current staffing level. It was noted that we are beginning to get better at looking at this.

The Chair asked if it was likely that the recalibration will be in place for the next Audit Committee meeting. It was reported that we are having some external help to set this up which should be in place for the next meeting in September 2024.

The Chair thanked the team for all the work they are doing on performance.

The Committee **NOTED** the report.

5. INTERNAL AUDIT UPDATE

The Chair welcomed CB from TIAA to the meeting.

The following was highlighted from the reports:

TIAA presented 3 internal audits. The first assurance review was on **risk management** and a reasonable assurance was given in the report. There was two important and three routine issues picked up and the LT have agreed to implement all five recommendations.

The second assurance review was on **staff performance appraisals** and a reasonable assurance rating was given in the report. There was two important and two routine points picked up and the LT have agreed to implement all four recommendations.

The third assurance review was on **follow up actions from previous year**. Out of the 6 recommendations made in previous years two have been implemented and four are outstanding. On the four points not yet implemented, it was noted that progress had been made on all four, but the date for completion had been missed.

TIAA Internal Audit Annual Report summary 23/24 - TIAA is satisfied that, for the areas reviewed during the year, Architecture & Design Scotland has reasonable and effective risk management, control and governance processes in place.

TIAA Audit Strategy and Annual Internal Audit Plan 24/25 - The Audit Plan for 2024/25 has been informed by a risk assessment carried out across our clients in the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. This coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

The Chair thanked TIAA and noted it was good to see robust feedback and support from them. The Chair also noted that all comments were fair and reasonable and that we are working to implement the requirements.

The Chair thanks CB for the Internal Audit update.

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

6. EXTERNAL AUDIT UPDATE

It was noted that the title of the paper should read under item 2 'External' audit programme rather than 'Internal' audit programme.

ACTION: UPDATE FROM 'INTERNAL' TO 'EXTERNAL' UNDER ITEM 2

The Chair welcomed SH to the meeting. SH thanked A&DS for their patience in the sharing of the Annual Audit Plan 2023/24.

The following was highlighted from the plan:

- **Materiality** - use that as a measure in audit to consider if we need to carry out additional work. One significant risk management overriding controls – this is presumed on every audit Audit Scotland carry out.
- Area of specific focus is **Accounting for requirements of IFRS16**. We need to keep an eye on this and flag in 24/25 around the accuracy of the accounting treatment of the lease transactions in 2023/24.
- **Financial sustainability**
- **Reporting arrangements** - starting early October 2024 to report to December 2024 Audit Committee.

The Chair reported that Committee is content and understand why we have financial sustainability, how we manage that and what that means in terms of projects and how we deliver.

SH reported that an unmodified unqualified opinion is good and indicates that the finances are being well managed. The message is to keep doing what we are doing and SH will share anything good with us coming from other organisations.

The Chair thanked SH for the External Audit update.

The Committee **NOTED** the content of the report

7. ANY OTHER BUSINESS

There was no other business.

The Chair thanked everyone for their attendance and emphasised the importance of Board members attendance at Audit Committee.

Dates of next meetings

- 11 September 2024

The Meeting closed at 10.35

Signed 

Kirsty Macari, Chair

Date: 4 November 2024

ARCHITECTURE & DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING (59)

IN PERSON EDINBURGH FUTURES INSTITUTE (EFI)/ONLINE

09:00 on Wednesday 11 September 2024

Present: Kirsty Macari (Chair), Angela Bonney (AB), Alistair Scott (AS), Bruce Ross (BR), Caroline Parkinson (CP), Daisy Narayanan (DN), Georgiana Varna (GV) & Sam McCabe (SM)

Staff: Jim MacDonald (JMacD), Sue Reynolds (SR) & Andrea Hepburn (AH - Minutes)

Absent: Lynn Wilson (LW)

1. APOLOGIES & DECLARATIONS OF INTEREST

There were no apologies.

There were no declarations of interest.

2. PREVIOUS MINUTES AND MATTERS ARISING

The previous Minutes of 26 June 2024 were **AGREED**.

Matters Arising

5 March 2024 No 3 – Insight training scheduled for June was postponed – AB can update later.

3. CEO GOVERNANCE STATEMENT AND LT STATEMENT OF INTERNAL CONTROLS

SR ran through the Governance Statement and highlighted both short term and long-term sickness absences have increased since last year. Long term sickness is due to two staff members requiring planned, but short notice operations.

There is nothing to be concerned about with the increase in short term absences which was due to a spike in Covid and viral related absences. There was no absence patterns identified, and the rate was reducing during July and August.

SR updated on the results of the EFI survey which were shared with staff the previous week. Only 16 staff responded to the survey and once presented, there were no other comments from other staff who agreed with the findings. It was noted that the more negative comments were attributable to issues during the initial settling in phase. More than half of the respondents only come into EFI once a week – colleagues are happy with the building and Leadership Team are trying to encourage more use of the building. Leadership Team trying to ensure the Thursday all staff days are productive.

CP suggested a follow up survey on EFI may be a good idea now the wards are filling up and initial teething problems have been resolved.

We will keep an eye on the Thursday all staff attendances – this is the forum for dealing with any issues and keeping staff up to date. Moral is currently low due to issues like the RFA and VES and these issues are constantly evolving therefore LT are updating staff as much as possible every week.

The report was **NOTED**.

4. BENCHMARKING SICKNESS ABSENCE RATES

SR advised the benchmarking report is produced annually to test our short-term sickness stats against other public sector organisations. Our 2.5% rate is in line with or better than other organisations and is a lower rate than that of Scottish Government. These figures are to March 2023 as other organisations accounts are not available for last year – our rate may go up next year because of all the changes over the last year.

DN asked if we knew how our sickness rates compared against other organisations working from home? Also how do they compare with other organisations in EFI? CP is unsure how it compares with EFI – we would need to ask how many desks they require and what their working patterns are. Many organisations are keeping the benefits of working from home and using EFI for meetings, etc.

KM noted that due to the size of the organisation any absence can have an impact on the figures. The Board are aware of the recent changes to staffing levels and the mitigation measures that had been put in place.

JMacD advised that Leadership Team are comfortable with sickness absences being within the tolerances and there is nothing to be concerned about.

The report was **NOTED**.

5. 2023/24 Q4 PERFORMANCE REPORT

5.1 Finance

It was noted that the total spend during Q1 was £445k, which is 25% of our income. The biggest spend is on salaries with other costs being reduced now we have moved from Bakehouse Close. There are less invoices to process which has allowed some CIT to on other duties, and it is also allowing CIT to get on with other work. Work on key stakeholders had been parked due to the move, but we are able to begin shaping the Stakeholder Strategy going forward. We also now have the capacity to introduce Purview to work alongside SharePoint to increase the security of the Microsoft package and help with records management. Audit were happy that the office move had facilitated a move in workloads.

AS asked if there were any other savings. SR advised this would only be if staff leave – to date we have one resignation at the end of September and one staff member has gone on a two-year secondment.

The report was **NOTED**.

5.2 Risk

SR advised that Leadership Team are starting a deep dive on risk and having spoken to JMacD/AA we can start to reframe this once we know our direction of travel. The register has been reviewed by Leadership Team, changes made, and mitigations updated. The biggest risk is insufficient stakeholder funding – SG have cancelled a lot of travel, and we now need to justify any travel and keep a tighter hold of decisions and record them.

KM acknowledged that the top four risks are all linked. JMacD meets our sponsors regularly and they are aware of our approach. It was noted that cybercrime has moved down the list, but we still need to be cautious with this.

The report was **NOTED**.

5.3 Business Plan

SR advised that we are now on track with producing smoother reports and take a tolerance approach to milestones not met. CIT have had a delay in reviewing and updating policies which had been due to the move out of Bakehouse Close to EFI, various requests from PARD, etc – there is a plan in place to catch up with this work going forward. A tender exercise for some funding from Regeneration Directorate at SG had been unsuccessful due to funding constraints.

Audit Committee agreed the new format was simpler and showed a more realistic picture and it would be good to see how it beds in after a few quarters.

SR advised that the journey has only been possible due to renewed input on project for the web. Bi-weekly Leads Co-ordination group meetings are now held, and a dashboard of reporting is available to all staff to plan work and seek staff resources for projects. A lot of work has been done on the dashboard (supported by Power BI) and now reports that could take up to two weeks to produce can now be done in a day.

Audit felt the reports were easier to understand particularly for adding in key milestones. From an audit perspective it gives a good oversight, and they can see where the Board need to see things.

JMacD acknowledged the work both SR and EB have put into this, and Audit wished to pass their thanks on to them for this work.

The report was **NOTED**.

6. ANY OTHER BUSINESS

CP noted that there was a Digital Place research funding bid that would be open to applying for.

SR updated that the move to EFI has been positive for us. The Secretary of State for Scotland visited a few weeks ago. CP mentioned that as the building fills up other people are now talking about A&DS in partnership working terms.

SR advised that JMacD/AA will decide going forward when to meet online and when to meet in-person as we will need to justify costs of Board travel, etc.

The Chair thanked everyone for their attendance.

Date of next meeting

13 November 2024.

The Meeting closed at 09.45

Signed: 

Kirsty Macari, Chair

Date: 13 November 2024

Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

ARCHITECTURE & DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING (60)

Online Via MS Teams

9.00 am on Wednesday 13 November 2024

Present: Kirsty Macari (KM)(Chair), Angela Bonney (AB), Alistair Scott (AS), Caroline Parkinson (CP), Daisy Narayanan (DN), Georgiana Varna (GV), Lynn Wilson & Sam McCabe (SM)

Staff: Jim MacDonald (JMacD), Lynne Lineen (LL), Sue Reynolds (SR) & Andrea Hepburn (AH - Minutes)

Guests: Stephanie Harold (SH) & Emma Carrigan, Audit Scotland

Apologies: Bruce Ross (BR)

1. APOLOGIES & DECLARATIONS OF INTEREST

Apologies were received from Bruce Ross.

There were no declarations of interest.

The Chair welcomed everyone to the meeting and noted that this is the second last Audit meeting of the year. Feedback from the auditors is that the audit has gone well, is nearly complete and we are on track for signing the Annual Report and Accounts next month. SH confirmed that everything is progressing well.

2. PREVIOUS MINUTES AND MATTERS ARISING

The previous Minutes of 11 September 2024 were **AGREED**.

Under matters arising SR updated that Board Members and the CEO are currently completing the public bodies online training. This has been identified by sponsors who are chasing to get this up to date. There are nine modules to work through and this should be done by everyone. Once this is completed we can arrange the training with AB in the early part of 2025. If you cannot access the portal contact SR.

3. CEO GOVERNANCE STATEMENT AND LT STATEMENT OF INTERNAL CONTROLS

SR ran through the report and highlighted some points. Short term sickness absences are down on last year, which was mainly due to Covid. Long term absences this year are up due to one staff member who had a planned operation at short notice with a long recovery period and phased return. This person was on a fixed term contract and was just back to full time working before the contract ended. Other absences are mainly medical and special leave.

Freedom of Information requests came in through three separate enquiries around comms.

Staffing is down to 21.75 from last year due to fixed term contracts. Two staff are on secondment of which we have recruited a replacement for the comms position. The Chair asked if the figure includes both the secondee and replacement - it was confirmed the figure only includes the replacement.

The report was **NOTED**.

4. 2023/24 Q4 PERFORMANCE REPORT

4.1 Finance

We have budgeted income of £1.795k for the year and have drawn down 75% to date, the remaining 25% will be drawn down next month. Spend to the end of September is £825k, 46% of income. We have a further £844k in purchase orders. Predicted overspend was mainly due to staffing but this has been reduced due to a part time staff member leaving and the comms position covered at a lower point on the salary scale. Salary costs account for 85% of our income.

JMacD flagged that SG are interested in recouping underspend which is something they are actively pursuing - we need to keep this on the radar for future meetings. The Chair recognises the issues SG and other sectors currently have and how it is hard to have any shortfall but audit can provide support on this. The Chair also asked if the recognised pay deal is accounted for and it was confirmed it is.

The report was **NOTED**.

4.2 Risk

SR advised that the top three risks are all at 16 before mitigations. Leadership Team are working hard with our sponsors around these and there is no reason to believe there will be funding changes over the next few years.

All risks are being monitored and we are doing as much as possible to reduce them. Risk 4 should reduce now staff have had sight of the Review and we are working on Risks 5-7 with a cyber expert and will be installing Purview and other systems to reduce these.

The Chair asked how staff morale is. JMacD advised there is a lot of pressure on staff and we are seeing movement some of which is having the biggest impact. The team is used to change and as a consequence of staff moving on there is a need to move work as part of this but we are aware of the pressures. LL advised that the People Leads meet with staff and can talk to them and now staff are involved with the review things are more positive.

DN noted it would also be hard on the CEO and suggested that Board Members could be "buddies" to staff? JMacD thanked DN for this suggestion and will speak to the team and come back on how to frame it.

Action 1: JMacD to liaise with team on how to frame a "buddies" system.

SMcC advised she is a trained mental health first aider if that is helpful and it was also noted that the majority of staff are also mental health first aid trained.

The report was **NOTED**.

4.3 Business Plan

JMacD noted we have now moved to tolerance based reporting and the bulk of the work is on track and the report picks out any issues. The Chair noted it was good to see projects on track, the value of them and the outcomes.

The Chair asked if there was staff engagement from linking to the business plan, outcomes and stakeholders? JMacD updated we are now seeing the benefits of this. The Chair thanked the team for their work on this.

The report was **NOTED**.

5. ANY OTHER BUSINESS

LW asked what the status is on identifying new funding. JMacD advised the review highlights the need to explore income generation more broadly - there are limits and risks with this. We can explore the feasibility but opportunities are narrow. This would require a development manager role which has been raised with sponsors but no one has the skills and we have no scope to recruit. The initial review will test the viability of opportunities as they materialise.

A scoping exercise takes a while to put in place but it's worth flagging up any potential opportunities but the risk is we turn into a funding organisation.

Action 2: If anybody hears of any funding opportunities please highlight these to us.

Date of next meeting

Wednesday 11 December 2024 for Annual Report and Accounts Review and Recommendation for Approval.

The Meeting closed at 9.40 am.

Signed: 

Kirsty Macari, Chair

Date: 12 March 2025

ARCHITECTURE & DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING (61)

Online Via MS Teams

9.00 am on Wednesday 11 December 2024

Present: Kirsty Macari (KM)(Chair), Angela Bonney (AB)(Deputy Chair), Alistair Scott (AS), Bruce Ross (BR), Caroline Parkinson (CP), Lynn Wilson (LW) & Sam McCabe (SM)

Staff: Jim MacDonald (JMacD), Lynne Lineen (LL), Sue Reynolds (SR) & Andrea Hepburn (AH - Minutes)

Guests: Stephanie Harold (SH) & Emma Carrigan (EC), Audit Scotland

Apologies: Daisy Narayanan & Georgiana Varna

1. APOLOGIES & DECLARATIONS OF INTEREST

Apologies were received from Daisy Narayanan & Georgiana Varna.

There were no declarations of interest.

The Chair welcomed everyone to the meeting and noted that this was an additional meeting to review the draft Audit Scotland Report and for final scrutiny and review of the Annual Report and Accounts to 31 March 2024 prior to Board signing later that day.

2. AUDIT SCOTLAND ANNUAL AUDIT REPORT FOR YEAR ENDED 31 MARCH 2024

SH wished to thank LL, SR, AH and others for all the help and support with this year's audit. She advised that the cover letter from Audit Scotland will provide an unmodified, independent auditors report once the papers are signed later today and that no unadjusted statements or final confirmations are required.

The auditors required confirmation from Audit Committee that they are not aware of any instances of actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention. The Audit Committee confirmed there were no instances of the above.

The Letter of Representation should be signed by JMacD and returned to Audit Scotland with the signed Annual Report and Accounts prior to the Independent Auditor's Report being certified.

SH ran through the key points of Audit Scotland's Annual Report and the Auditors' findings are unmodified. The report was reviewed and one area of focus highlighted the risk of material misstatement around the accounting treatment of the lease transactions due to a pre-payment of rent and a few adjustments were also required in the Staff and Remuneration Report.

The financial sustainability is reviewed regularly which continues to be a significant risk. AS highlighted reserves cut by 40% and asked what the tipping point is. SH stated that 10% of annual expenditure is reasonable but we want to keep our eye on it. LL advised that our reserves are different to normal companies with the majority of reserves in the accounts relating to timing of expenditure. Previously we pre-paid annual rent at Bakehouse Close whereas EFI rent is paid monthly. BR asked if there are medium or long term financial strategies in place. LL responded to say we forecast four years ahead however as main grant funding from Scottish Government is only known one year ahead therefore there would be no value in longer term forecasting unless more information was available.

LL highlighted that the deficit in the accounts was due to the accounting treatment of prepayment and accrual transactions, which included the pre-paid rent for Bakehouse Close.

The Chair wished it to be noted that, as she will be chairing the Board later, the Audit meeting is a joint presentation between herself and AB in her role as Deputy Chair.

The Auditors' Report was NOTED.

The Chair wished to thank SH, EC and the rest of the Audit Scotland team for their work which is appreciated.

3. ANNUAL REPORT AND ACCOUNTS SCRUTINY & REVIEW TO FORWARD TO BOARD FOR APPROVAL

LL ran through the Annual Report and Accounts and highlighted the Climate Action Team project on the cover, and also the Performance Analysis where we now have key infographics on social media stats which are becoming increasingly important. AB asked where a 78% increase of post engagement statistics came from – SR will check this with the Comms team but suspects it is due to newsletters and re-subscriptions.

The importance of future engagement and what we share was highlighted and it was suggested that this is added into future Governance Statements to show how we are tracking in the year.

Action 1: SR to check where the increase in post engagement statistics came from and to add engagement into future Governance Statements presented to Audit.

Sustainability is also a key feature and we need to look at how this will be measured going forward in our new accommodation at EFI. We can gather statistics on travel but will need to speak to EFI to see what they can help us report on. The outcome of the Review will give us refreshed outcomes and we can showcase EFI leading on sustainability.

BR queried a zero in the previous year's pensions reporting and SH advised that where MyCSP's report results in a negative figure, technical guidance requires this to be reported as a zero.

The Chair highlighted the re-aligning of Audit Committee and Board meetings which should ensure higher attendance levels.

Audit Committee AGREED to recommend formal approval of the Annual Report and Accounts to the Board.

The Chair wished to thank SH and EC for their support and work, and to JMacD, LL, SR and the team. LL also wished to thank the auditors as it was a busy but smooth and productive audit.

4. ANY OTHER BUSINESS

There was no other business.

Date of next meeting

Wednesday 12 March 2025.

The Meeting closed at 9.50 am.

Signed: 

Kirsty Macari, Chair

Date: 12 March 2025

Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

ARCHITECTURE AND DESIGN SCOTLAND

MINUTES OF AUDIT COMMITTEE MEETING (62)

Online Via MS Teams

9.00 am on Wednesday 12 March 2025

Present: Kirsty Macari (KM)(Chair), Alistair Scott (AS), Bruce Ross (BR), Caroline Parkinson (CP), Daisy Narayanan (DN), Georgiana Varna (GV), Lynn Wilson (LW) & Sam McCabe (SM)

Staff: Jim MacDonald (JMacD), Lynne Lineen (LL), Sue Reynolds (SR) & Andrea Hepburn (AH - Minutes)

Guests: Stephanie Harold (SH) & Emma Carrigan (EC), Audit Scotland

Apologies: Angela Bonney

1. APOLOGIES & DECLARATIONS OF INTEREST

Apologies were received from Angela Bonney.

There were no declarations of interest.

The Chair welcomed everyone to the meeting.

2. MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING

The Minutes from the meetings on 13 November & 11 December 2024 were AGREED.

Matters Arising

Mar 24 No 3 – SR updated that the self-assessment trainings and the skills assessments were sent last week. These are due back by the end of March, so we can review and go forward with a recommended skill set and training to build on these after 1 April 2025.

Dec 24 No 1 - Post engagement statistics will be built into the performance reporting from April 2025.

It was suggested that part of the training could be around looking at Board Members' knowledge of the organisation. Discussion took place around the online Scottish Government portal training. Various members felt they were being thrown out of portal, were unsure if training courses were completed and felt it was quite dry.

Action 1: SR to check status of Board trainings on SG portal and feedback Board comments to SG.

Action 2: SR to check if Deputy Chair of Board/Chair of Audit requires additional training.

3. CEO GOVERNANCE STATEMENT

SR briefly ran through the report. It was noted that short term absences were reduced but long-term absences were up due to one staff member being absent for a month. This employee has subsequently received an occupational health referral and feedback to support him.

The sponsorship team reporting was mainly around the Review.

Questions were asked if the two staff members who left on voluntary severance will impact business. JMacD advised we have known about this since December 2024 and the impact will be felt from 2025/26. Sponsors are aware of this due to the Review and reduced capacity which has been flagged to them.

Applying to the Invest to Save fund is a means to emphasise what we need to invest in – if we are successful with this, our programme will be adjusted accordingly.

The CEO Governance Statement was NOTED.

4. 2024/25 Q3 PERFORMANCE REPORT

Finance

LL highlighted that we started the current year with £19k overspend but made salary savings due to leavers, secondments and career breaks. SG agreed to fund any deficit due to the Voluntary Severance Scheme after our underspend was used which was welcomed by Audit Committee.

We have forecast budgets over the next five years. In 2025/26 we have income to spend on projects due to savings in 2025/26 on secondments/career breaks. However, we are forecasting a negative budget from 2026/27 when these employees return to work. Budgets are based on SG's pay offer to Trade Unions of 9% over three years. The budgets have been prepared on the basis of 3% pay increase each year. It was noted this may change depending on trade union negotiations.

Risk

SR advised Leadership Team discussed risk at length and updated risk assessment accordingly. The number one risk is failure to deliver, mainly due to staff leaving; number two risk (moving from four) is a loss of staff confidence due to lower staff numbers and no ability to recruit; and number three risk is insufficient stakeholder funding. We are aware that the Risk Appetite Statement and Risk Management Policy will need revised in the new financial year.

Reputational risk was discussed, and we need to be mindful of the changes with this. JMacD advised that we have not encountered this yet, but it may come when the new programme is rolled out. We need to ensure Board Members are equipped and comfortable to deal with questions around this.

Action 3: Board Members to be provided with briefing to enable them to deal with questions around the Review.

Business Plan

SR updated that all projects were green in Q1 and Q2 but we now have two green and six amber statuses. There was a fine line with the digital project as to whether it would be green or amber due to the technical capacity that was taken away from the project therefore digital will be rescoped. Regeneration and spatial look like a decrease in the work on these while learning is amber due to sickness and one leaver on the programme. Corporate infrastructure policies were not done due to other work required but these were completed in Q4 and the Strategy/Business Plan we will get to grips with post Review. The green statuses were for outreach and health.

The Chair advised that the business plan is crucial moving forward and we will continue to reinforce the positive messages to staff to emphasise the importance of this information.

The Performance Report was NOTED.

5. AUDIT SCOTLAND AUDIT PLAN 2024/25

SH shared Audit Scotland's Annual Audit Plan 2024/25 which is in a different format to previous years but contains the same information. She ran through the various sections of the Report which are predominantly the same as previous years and standard. One exception is under Materiality which is usually based on the previous year's funding (2023/24) but this year the starting point will be the current budget (2024/25) as there was no CAT funding this year. She also pointed out the increase of 1.9% in fees and the timetable for this year's audit is laid out within the Report.

The Chair advised it was helpful to see how much effort goes into this from the auditors and thanked them for their input.

The Audit Scotland Audit Plan 2024/25 was NOTED.

6. ANY OTHER BUSINESS

There was no other business.

Date of next meeting - Wednesday 11 June 2025.

The Meeting closed at 10.05 am.

A handwritten signature in cursive script that reads "Angela Bonney".

Signed:

Angela Bonney, Chair

Date: 11 June 2025