

# Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

## ARCHITECTURE & DESIGN SCOTLAND

### MINUTES OF AUDIT COMMITTEE MEETING (22)

**Bakehouse Close, 146 Canongate, Edinburgh**

**11.30 am on Monday 8 February 2016**

**Present :** Martin Crookston, Chair (MC), Andrew Burrell (AB), Sue Evans (SE), Graham Hill (GH), Karen Anderson (KA)(from Item 6)

**Staff :** Jim MacDonald, Chief Executive (JMacD), Lynne Lineen, Head of Corporate Services (LL), (Andrea Hepburn (AH) - Minutes)

**Guest :** Andy Shaw, KPMG (AS)

<b>Actions</b>	<b>Who</b>	<b>When</b>
<b>ACTION 1 : MC &amp; LL to prepare report on KPIs for Audit Committee meeting in May 2016.</b>	MC/LL	2 May 2016
<b>ACTION 2 : Accommodation Review can now be removed from the Risk Register.</b>	LL	31 March 2016
<b>ACTION 3 : Internal Audit reports for Risk Management and Project Management to be presented to a future Audit Committee meeting.</b>	LL	8 August 2016

### 1 APOLOGIES

There were no apologies.

### 2 MINUTES OF MEETING ON 14 DECEMBER 2015

The Minutes of the previous Meeting were AGREED.

### 3 MATTERS ARISING

Actions from the Minutes were as follows:-

**Action 1 :** LL to ask Chiene & Tait to bring forward the timing of the HR audit.

Completed – the update is on the Agenda at Item 8.

**Action 2 :** Audit Committee to discuss process of establishing KPIs as requested by Board.

MC & LL will prepare an item on how the Audit Committee can contribute to this for the May 2016 Audit Meeting.

**ACTION 1 : MC & LL to prepare report on KPIs for Audit Committee meeting in May 2016.**

**4 CORPORATE RISK REGISTER**

LL tabled the updated Risk Register which was reviewed by the Management Team on 1 February. Since the last meeting the Board asked for the status of staff losses to be re-adjusted back to no change with additional mitigations added.

The Accommodation Review is no longer a live risk and can be removed from the register.

The Report was NOTED.

**ACTION 2 : Accommodation Review can now be removed from the Risk Register.**

**5 MANAGEMENT ACCOUNTS TO 31 DECEMBER 2015**

LL tabled the Management Accounts for the nine months to 31 December 2015.

The report shows that the total budgeted income for 2015/16 was £1,917,000.

The total actual spend for the period to 31 December 2015 was £1,241,000 representing 63% of total income. A further £489,000 of expenditure was committed by Purchase Orders (25%).

Following discussions with Programme Heads, it was confirmed a further £126,000 was planned spend by 31 March 2015 as per the Business Plan but Purchase Orders had not yet been raised as at 31 December 2015.

The total income not spent, committed or planned to be spent for 2015/16 as at 31 December 2015 was £115,000.

This was split between Stalled Spaces £44,000 and Core £71,000.

In respect of Stalled Spaces grant income, A&DS are in discussion with SG to agree what is to happen regarding the grant income which will not be spent by 31 March 2016.

The £71,000 of unutilised grant income from Core has arisen due to staff departing and not being replaced. Management Team are looking at options on how to spend this unutilised grant income and are confident this will be spent by 31 March 2016.

The Report was NOTED.

**6 REVIEW OF FORECAST ASSUMPTIONS**

MC advised that subsequent to the Board Strategy Session in January 2016, Audit Committee were asked to check the basis of the assumptions made in the forecast income and expenditure statements for 2016/17 to 2019/20.

Updated figures were tabled by LL- subsequent to the Strategy Session indications are that Health income is likely to reduce by £20k to £120k and staff costs will increase by £9k to £1,195k. Questions were asked around restricted and unrestricted income – LL advised that core grant income can be spent on salaries, overheads and projects. Whilst a portion of the Schools grant (£60k) is "ring fenced" for project spend. The balance of the Schools grant can be spent on salaries and overheads.

Staffing and overheads are based on the new structure and assumes 1% staffing increases each year; accommodation costs should not change and a 2% increase has been allowed for all other overheads. These would appear to be reasonable assumptions.

The new structure, if approved, will take effect from 1 April 2016 and assumes all posts will be filled but recognises flexibility will be required.

MC was satisfied that the clarification of “ring fenced” project spend verses discretionary spend was clear and the figures were conservatively done. The forecast income less expenditure has now been reduced to £35k in 2019/20. These forecast figures do not take into account other income sources/partnership working.

The Report was NOTED.

## **7 KPMG AUDIT STRATEGY**

AS presented KPMG’s draft Audit Strategy – KPMG were appointed by Audit Scotland for a term of five years in 2011 and this is their final year. At present A&DS do not know who will be appointed external auditors for the next five years.

The KPMG Audit Strategy is in line with previous years. KPMG will perform audit field work at A&DS for a week in June. The draft financial statements will be presented to the Audit Committee in August and be ready for the signing deadline of 31 October 2016.

The draft KPMG Audit Strategy was AGREED.

## **8 INTERNAL AUDIT UPDATE**

LL tabled Chiene & Tait’s updated Internal Audit Strategy for 2015/18. Subsequent to the last Audit Committee Meeting, the HR Review has been brought forward to year two. This year’s Internal Audit work is underway with Risk Management being audited in January and Project Management currently being audited this week. Reports on these will be presented to a future Audit Committee Meeting.

The updated Internal Audit Plan was NOTED.

**ACTION 3 : Internal Audit reports for Risk Management and Project Management to be presented to a future Audit Committee meeting.**

## **9 ANY OTHER BUSINESS**

The next meeting is scheduled to take place in Edinburgh at 11.30 am on Monday 9 May 2016.

The Meeting closed at 12.30 pm.

Signed:.....

**MARTIN CROOKSTON, CHAIR, AUDIT COMMITTEE**

Date:.....