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## MINUTES

Meeting of:	Scottish Futures Trust Ltd - Audit Committee
Date & Time:	24 <sup>th</sup> January 2012 at 9:30am
Place:	Meeting Room 2, SFT, 11-15 Thistle Street, Edinburgh
Members:	Graeme Bissett - Chair (GB) Cllr Jim Fletcher (JF)
In attendance:	Peter Reekie (PR)
Apologies:	None

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**The Chairman welcomed all to the meeting.**

**1. Minutes of previous meeting**

The minutes of the 27th June 2011 meeting were accepted as a true and fair record.

**2. Audit Committee Standing Agenda Items**

The Committee approved the list of standing agenda items set out in the paper circulated by PR prior to the meeting.

**3. Public Services Reform Act publication**

The Public Services Reform Act prescribes new requirements to aid transparency of public sector organisations. SFT has complied with the act and the required information has been published on the website. PR presented the published document to the Committee. It was agreed that going forward matters pertaining to the act will be discussed at Board level rather than Audit Committee level. The issue of disclosure of cumulative payments over £25K was discussed.

**Action: PR** to issue note to Board re cumulative payments.

**Action: PR** to arrange for External Auditors to review process and publication.

**4. Review of Internal Control Arrangements**

Audit Committee terms of reference require internal control arrangements to be reviewed annually. PR presented to the Committee the Internal Control and Financial Procedures Manual which sets out how SFT deals with its accounts, cash and payments, delegated authorities, policies for sales and purchases, and roles and responsibilities. The Committee

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noted the Manual and that it would be further externally reviewed as part of the External Audit Process. It was noted that there were no new risks or issues to report.

Discussion followed with regard to SFT's responsibility to examine the governance, budget controls and expenditure of individual projects. PR affirmed that SFT is heavily involved in this respect at individual project level. The need for visibility of financial controls across SFT's landscape of activity in order to reflect its ongoing responsibility for achieving value for money was recognised and the Chairman proposed that the Project and Programme Governance Plan should be refreshed in the interim and discussed at the March Board meeting.

**Action: PR** to review, refresh and circulate the Project and Programme Governance Plan.

PR proposed that a meeting of the SFT Investments Board should take place immediately after the March Board meeting in order to discuss the process for investment in projects. The Chairman agreed, subject to agreement from the SFT Board.

**Action: PR** to provide a paper.

The Committee agreed that, given the straightforward and transparent nature of financing controls, the current SFT internal control arrangements should remain with no need for a separate Internal Audit function.

## 5. MSFM Compliance

The MSFM sets out Scottish Government requirements for the Chairman of the Board, Board members and Chief Executive. It was noted that the Chairman's assessment of Board members' performance needs to be formally documented. GB proposed that going forward the Chairman will report on these discussions at Board meetings and this will therefore be documented in the Board minutes.

**Action: GB** to take proposal forward to SFT Board meeting.

## 6. Review of Whistle Blowing Policy

The Committee reviewed the whistle blowing policy and agreed that no changes were required and noted that no issues had been reported since the last Audit Committee meeting in June 2011.

## 7. Auditor Appointment & Plan

The proposed re-appointment of Scott Moncrieff, who were appointed for a three-year term in 2009, was discussed. The Committee agreed that, subject to PR being content with the value for money offered by the fee proposal, Scott Moncrieff should be re-appointed for one further year as external auditors. It was also agreed to maintain the current policy on the provision of non-audit services by the external auditors and that the external audit plan could be approved by correspondence. The Committee noted that the value of non-audit

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services provided by Scott Moncrieff in 10/11 was compliant with the policy and noted the prospective audit timetable and likely areas of difference from 10/11.

8. **Any Other Business**

There being no other business, the Chairman brought the meeting to a close.

9. **Date of next meeting**

Tuesday 26<sup>th</sup> June 2012 (9:30am)