
MINUTES

Meeting of: Scottish Futures Trust
Audit Committee

Date & Time: 1pm 23rd September 2009

Place: 1 St Colme Street, Edinburgh

Attendees: Graeme Bissett (GB) - Chair
Cllr Jim Fletcher (JF)
Peter Reekie, Director of Finance – in attendance (PR)
Nick Bennett, Audit Partner – Scott Moncrieff – in attendance (NB)

The Chairman opened the meeting.

There were no apologies.

1. Terms of Reference

The Committee reviewed the proposed terms of reference taking account of comments made by the external auditor. The terms of reference were recommended to the Board with amendments to the draft in respect of quoracy and inclusion of an annual review of the Company's risk register.

2. VAT position and trading with SG - 08/09 and 09/10

The committee discussed the report on VAT position tabled by the Director of Finance. The committee agreed to the treatment of 08/09 income as grant in aid and requested that the Director of Finance pursue VAT registration as a matter of urgency with Scottish Government with a view to registering prior to VAT Q2 reporting deadline at the end of October. The committee noted that lack of VAT registration at this stage was potentially contrary to HMRC requirements but that the good reason for non registration was ongoing discussion with the Scottish Government.

3. Internal audit and risk Management

The Chairman introduced the 08/09 audit cycle by confirming that the committee had ratified the appointment of Scott Moncrieff following a competitive process. The committee agree that fees for non-audited services should not exceed 2 x the audit fee without good reason and prior authorisation of the Committee's Chairman.

The committee noted that GB had met with auditors to plan 08/09. The accounts would be prepared in accordance with International Financial Reporting Standards (IFRS), with the voluntary disclosures as would be required under the Combined Code for Corporate Governance for public companies.

4. Programme to complete 08/09 audit

The committee received internal control procedures which currently focus on managing cash as this is the principal risk at this stage of organisations development. NB had made comments on authorisation of payroll and sales invoices which would be built into processes. The committee requested that PR investigate dual authorisation for electronic payments above a threshold value and bring proposals to the Committee. The committee further tasked management to documentation and procedures for conflict management approach, board reserved powers, whistle-blowing, corporate risk management and oversight of the Management Statement and Financial Memorandum (MSFM)

5. SFT Finance & Investment

NB reported no substantial issues found in testing to date.

6. Date of next Meeting

Annual Report and Accounts to be finalised for circulation and agreement by Audit Committee and Board on 4 November 2009