

Sabhal Mòr Ostaig Audit Committee

Draft Minutes

| | |
|---------------|--|
| Date and Time | Friday 19 February |
| Location | Seòmair Shomhairle, Ionad Iain Nobail |
| Present | Willie MacDonald, Chair Murdo Campbell Sandy Jones |
| In attendance | Ross McLauchlan, External Audit Partner (by phone) Louise Carmichael, TIAA (by phone) Iain Gordon, Director of Finance and Planning Shona MacLennan, Director of Organisational Development Marie MacKay, Accountant (to 3.30pm) |
| Apologies | John Taylor; Arthur Cormack |
| Minutes | Christine Mackenzie |
| Minute status | Draft |

| Summary of Action Items | | | |
|--------------------------------|---|-----------------------|------------------|
| Ref. Number | Action | Responsibility | Time line |
| AUD 13-01 Item 9 | Arrange the Chairs attendance at the next Board of Directors' meeting. [timescale updated] | C. Mackenzie | July 2016 |
| AUD 15-01 Item 7 (a) | Forward the methodology used by UHI to determine areas for internal audit to I. Gordon and S. MacLennan [timescale updated] | J. Thurlbeck | Jul 2015 |
| AUD 16-01 Item 7 | Self-evaluation Forms to be distributed to committee members | C. Mackenzie | Mar 2016 |

Agenda Item

1. Welcome and Apologies

Apologies had been received from the J. Taylor.

M. Campbell and I. Gordon declared their interest as directors of Cànan (see Items 4 and 5).

2. Minutes of the meeting held on 13 November

The minutes were approved as an accurate record. The action points were discussed.

3. Matters arising not on the Agenda

(a) Internal Control Incident

I. Gordon updated the committee on matters regarding the internal control incident and advised that as far as the College was concerned the matter is now closed. On behalf of the committee, the Chair commended the Director of Finance in his handling of the matter.

4. Internal Audit

(a) Report on Payments and Purchasing Assurance

The circulated report on Payment and Purchasing Arrangements was noted and L. Carmichael spoke to the paper. I Gordon informed the committee that the finance team would be reviewing systems ahead of the next internal audit visit in April.

(b) Internal Audit Plan 2016

The internal audit plan for 2016-17 was noted. It was agreed to extend the governance section of the audit plan to include a review of operation and implementation of policies.

I. Gordon informed the committee that the Scottish Funding Council had requested that an Annual Internal Audit reports, in addition to Annual External Audit report, be submitted to them. This will be done as part of the usual submission that the College makes each December.

(c) Update on Priority 1 Items

I. Gordon informed the committee of the progress made on Priority 1 items from the previous internal audit: there is a new accounting process with regards to the cash machine; there is a draft Travel and Subsistence Policy now prepared and currently going through the internal approval mechanisms; the delayed internal audit report has been forwarded to the committee; and transfers to Cànan now need the endorsement of the Finance and Estates Committee.

5. Risk Register

(a) Update

The Risk Register was noted; there has been little movement since the last meeting, with the exception of Cànan (see 5b). S. MacLennan informed the committee of progress regarding 3.8 (Competition from other educational institutions); a new Student Services Officer and Student Support Officer and Warden have been appointed and an application to Sport Scotland for a grant to purchase gym equipment was successful.

The committee was informed that UHI now required academic partners to feed their risk registers into a university wide register which would be submitted to the Court.

(b) Cànan

I. Gordon updated the committee on matters regarding Cànan. The company had suffered a loss for the first six months of the year and in order to maintain a positive balance sheet, and following discussions with the auditors and with agreement of the Finance and Estates Committee, it had been decided to capitalise part of the debt, by way of a further issue of preference shares to Sabhal Mòr. Cànan's future depends on obtaining sufficient work to maintain a sustainable cash flow.

6. Budget Information

(a) 2015-16

I. Gordon circulated the latest figures to the end of November and a rolling forecast for the rest of the financial year. At this stage, it is expected that there will be a deficit. Student numbers are a little down on last year and professional fees have exceeded the budget because of two specific items, both of which have now gone before the Board committee process.

(b) 2016-17

At a meeting of the SMO Funders' Group on 15 February it was indicated that the College's funding from the National Heritage (Scotland) Act will be maintained at its current level for the ensuing year. This was subject to final Scottish Government budget approval.

(c) Kilbeg Capital Project

I. Gordon circulated the Kilbeg project outturn summary. The funding for the project has not all been finalised; ERDF are still carrying out their audit and the final funding from HIE has not been received yet. The project overspend is less than 1%. The SMO Development Trust had indicated that they would be receptive to an application for funding.

7. AOCB

(a) Self-evaluation

It was agreed that self-evaluation should be carried out annually and that C. Mackenzie will circulate forms to the committee

ACTION: C. Mackenzie to send self-evaluation forms to committee members before next meeting

8. Date of Next Meeting

The next meeting will be held on 24 June at Sabhal Mòr Ostaig.

The meeting adjourned at 3.35pm.