

**Sabhal Mòr Ostaig Audit Committee**

**Draft Minutes**

Date and Time	<b>Friday 24 June 2016</b>
Location	<b>Seòmair Shomhairle, Ionad Iain Nobail</b>
Present	Willie MacDonald, Chair Murdo Campbell Arthur Cormack Sandy Jones
In attendance	Peter Howard, External Audit Assistant Manager (by phone) Louise Carmichael, TIAA (by phone) Iain Gordon, Director of Finance and Planning Marie MacKay, College Accountant (to 3.30pm) Martin MacDonald, Head of ICT (to 2.30pm)
Apologies	John Taylor
Minutes	Christine Mackenzie
Minute status	Draft

**Summary of Action Items**

<b>Ref. Number</b>	<b>Action</b>	<b>Responsibility</b>	<b>Time line</b>
AUD 13-01 Item 9	Arrange the Chairs attendance at the next Board of Directors' meeting. [timescale updated]	C. Mackenzie	Sept 2016
AUD 16-02 Item 5 (c)	Management response to Internal Audit recommendations as item agenda for next meeting	C. Mackenzie	Nov 2016
AUD 16-02 Item 6	Chair to meet with members separately before next meeting	W. MacDonald	Nov 2016
AUD 16-02 Item 6	Board to receive Audit Committee Self-evaluation report	C. Mackenzie	Sept 2016
AUD 16-02 Item 8	College succession plan to be put in place	I. Gordon	Nov 2016



AUD 16-02 Item 8	I. Gordon and S. Jones to discuss re-structuring Risk Register	I. Gordon	?? 2016
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## **Agenda Item**

### **1. Welcome and Apologies**

The Chair welcomed the members and those in attendance.

Apologies had been received from J. Taylor.

### **2. Minutes of the meeting held on 19 February**

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

### **3. Declaration of Interests**

M. Campbell and I. Gordon declared their interest as directors of Cànan.

### **4. Matters arising not on the Agenda**

#### *(a) Internal Control Incident*

The Chair intimated that he had not received a response from the Chair of the Board to the letter he had sent on behalf of the Committee regarding the internal control incident. The letter had been sent to the previous Chair, Roddy John MacLeod, who had retired at the end of 2015. I. Gordon agreed to discuss this with the previous Chair.

***ACTION: I. Gordon to contact former Chair and discuss response to Audit Committee letter.***

#### *(b) Kilbeg Capital Project*

I. Gordon explained that the first stage of the ERDF audit of the Kilbeg project funding had been carried out in February and that all paperwork and claims as regards spending were in order, but the auditors had raised a major issue over the procurement process for the two main contracts (infrastructure and the IIN building). An 'accelerated procedure' had been used because of the time pressures that had been building up as a result of delays and because of the working timeline for completion of the project to meet ERDF funding deadlines, and the auditors contended that this was invalid. There is a potentially significant penalty facing us as a result.

### **5. Internal Audit**

#### *(a) UHI Internal Audit Planning Methodology*

The committee noted the paper from UHI and it was agreed that it would be helpful to use the plan as a starting point for 2017 internal audit.

*(b) TIAA Report on IT Systems and Controls*

The internal audit report on IT systems and controls was noted. There is one item marked as urgent and eleven identified as important. L. Carmichael went through the recommendations and I. Gordon and M. MacDonald gave initial responses; there is no management response yet as the report was received on 19 June.

*(c) TIAA Report on College Governance*

The internal audit report on College governance was noted; again there is no management response as yet. There are no urgent recommendations and six important recommendations were identified.

It was agreed that management responses to both reports should be on the agenda for the next meeting.

***ACTION: C. Mackenzie to place on agenda for next meeting, management response to Internal Audit recommendations***

## **6. Audit Committee Self-evaluation**

The summary report of the committee's self-evaluation was noted. The committee agreed that it would be beneficial for the Chair to meet with members individually to discuss performance, concerns and suggestions. It was also agreed that the Board should see the self-evaluation report.

***ACTION: Chair to meet with members separately before next meeting***

***ACTION: C Mackenzie to forward self-evaluation report to Board of Directors.***

## **7. External Audit Plan 2016 - Update**

The external audit plan for 2016 was noted and P. Howard spoke to the report, highlighting the risk areas.

## **8. Risk Register**

The updated Risk Register was noted and high-risk items were discussed.

I. Gordon updated the committee on the situation with regards to Cànán; four staff had taken voluntary redundancy, the cost of which was paid for by the College, and it is hoped that the risk to the College has been lessened.

The Committee expressed concern at the lack of a succession plan and it was agreed that one should be put in place.

S. Jones offered some suggestions as to re-structuring the register and it was agreed that these suggestions be forwarded to I. Gordon.

***ACTION: I. Gordon to commence process of putting College succession plan in place***

***ACTION: I. Gordon and S. Jones to discuss re-structuring Risk Register***

**9. AOCB**

*(a) College Budget 2016-17*

I. Gordon circulated a draft budget 2016-17, for information, and explained the budget process.

**10. Date of Next Meeting**

The next meeting will be held on 18 November at Sabhal Mòr Ostaig.

*The meeting adjourned at 3.45pm.*