

Sabhal Mòr Ostaig Audit Committee

Draft Minutes

Date and Time	Friday 25 November 2016
Location	Seòmair Shomhairle, Ionad Iain Nobail
Present	Willie MacDonald, Chair Murdo Campbell Arthur Cormack Sandy Jones (by phone)
In attendance	Ross McLauchlan, External Audit Partner (by phone, to 2.15pm) Karen Smith (by phone, to 3.20pm) Gill Callaghan, TIAA (by phone, to 3.20pm) Iain Gordon, Director of Finance and Planning Marie MacKay, College Accountant (to 3.30pm)
Apologies	John Taylor
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	Mar 2016
AUD 16-02 Item 6	Chair to meet with members separately before next meeting [timescale updated]	W. MacDonald	Feb 2017

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 24 June

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 received a response from Roddy John MacLeod, former Chair of the Board to the letter he had sent on behalf of the Committee regarding the internal control incident.

(b) Kilbeg Capital Project

The impact of the ERDF audit of the Kilbeg project has been added to the College Risk Register. I. Gordon reported that he had met with Jim Millard from ERDF and Gary Richardson, from the Scottish Government's Internal Audit team, at the beginning of October. Although they had been willing to listen to concerns raised by the College, it appears that there will be some form of penalty incurred. The College is now awaiting the outcome of Phase 2 of the audit.

5. Internal Audit Reports

(a) Final Version of ICT Controls Report

The report was noted. G. Callaghan agreed to follow-up on Item 10 (automated audit trail of use account use) following concerns raised by the ICT Manager that the costs would outweigh the benefits.

(b) Final Version of Strategic Controls Report

The report was noted.

(c) SUMS Audit 2016

The SUMS Audit was completely unqualified and there were no action points identified.

(d) Follow Up Review

The follow up report was noted. Seven recommendations have been implemented or are in the process of being implemented. Two recommendations have not yet been implemented.

(e) Update on Business Continuity Review

I. Gordon reported that a Disaster Recovery Plan was being written, as part of the College's Health and Safety review, and that it would be complete by the time of the internal audit in the spring.

(f) Annual Report to Committee and SFC

The report had not been received.

6. Draft Financial Statements 2015/16

The draft accounts were noted. A surplus of £93,000 is shown. The Hospitality Department had performed very well in the latter part of the year. The accounts were approved by the committee and recommended to the Board.

7. External Auditors' Report

The Management Report was noted and R. McLauchlan spoke to the paper. Wylie and Bissett propose to give an unqualified report on the accounts. Six recommendations had been identified; only one of these was deemed high risk, the support to subsidiary company, Cànan. M. Campbell updated the committee on Cànan's situation. The Board of Cànan feels that matters are improving to a degree that the company may show a profit in the next financial year. Management responses have yet to be added to the report.

8. Audit Committee Report to Board of Directors

The report was approved.

9. Risk Register

The updated Risk Register was noted. Following discussions with S. Jones, the register had been restructured. Two new risks had been identified: the impact of the ERDF audit on the Kilbeg project, and the impact of Brexit. The committee discussed the high risk items.

G. Callaghan and K. Smith left the meeting

9. External Audit Tender Process

I. Gordon informed the committee that following a tender process carried out through APUC (Advanced Procurement for Universities and Colleges), Henderson Loggie had

been appointed external auditors to the College. The Chair thanked Wylie and Bissett for their excellent service, help and advice over the period of their appointment.

10. AOCB

There was no other competent business

10. Date of Next Meeting

The next meeting will be held on 10 February 2017 at Sabhal Mòr Ostaig.

The meeting adjourned at 3.30pm.