



Bòrd na Gàidhlig

2015/16 Annual Audit
Report to Members and
the Auditor General for
Scotland

August 2016

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively (www.audit-scotland.gov.uk/about).

Asif A Haseeb, Engagement Lead – Audit Scotland, is the appointed external auditor of Bòrd na Gàidhlig for the period 2011/12 to 2015/16.

This report has been prepared for the use of Bòrd na Gàidhlig and the Auditor General for Scotland and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in it may be used by the Auditor General in support of her wider responsibilities, including reporting to the Scottish Parliament.

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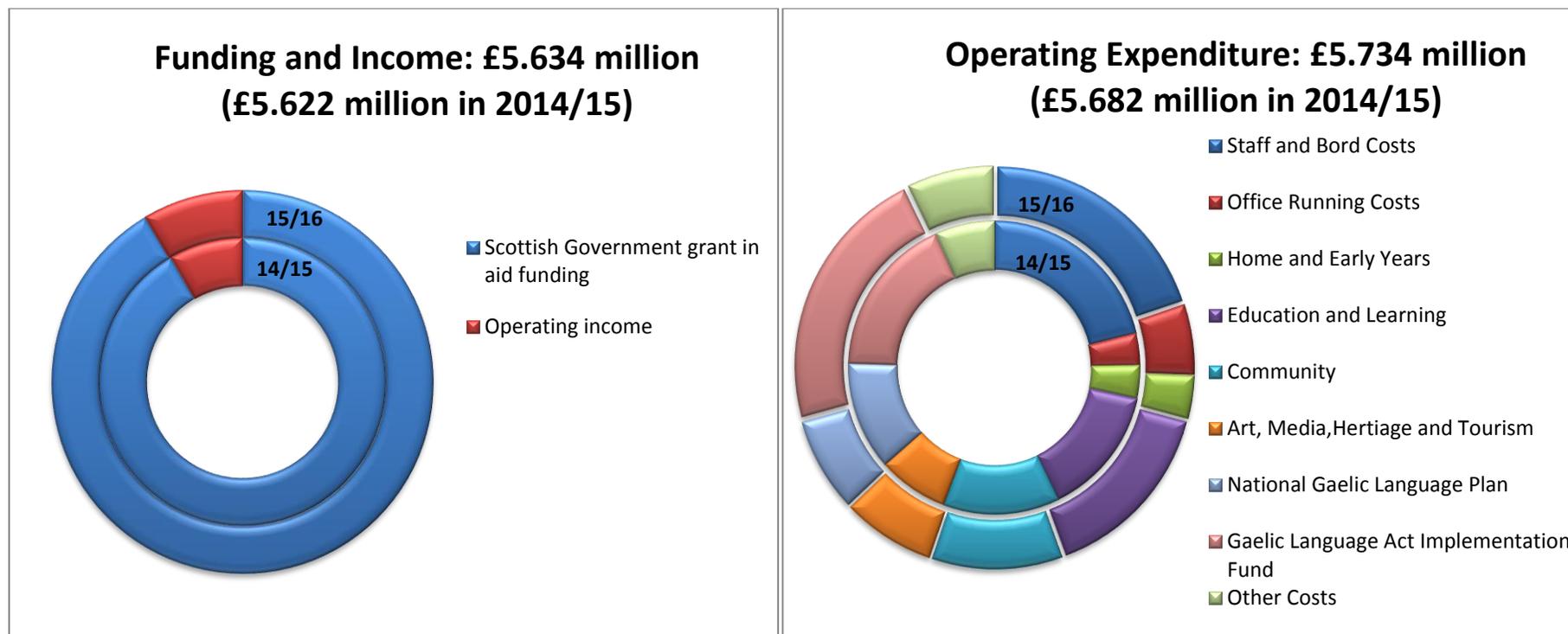
Key messages

Audit of financial statements	<ul style="list-style-type: none"> • Unqualified independent auditor's report (audit certificate) on the 2015/16 financial statements. • Working papers were of a high standard and officers provided good support which enabled the audit team to complete on-site fieldwork by the planned target date. • Only minor presentational and disclosure adjustments required to the financial statements presented for audit.
Financial management and sustainability	<ul style="list-style-type: none"> • We are satisfied that Bòrd na Gàidhlig (or “the Bòrd”) has sufficient financial management arrangements in place. • £0.209 million has been released from the development budget to the operational budget from 2015/16. The Bòrd believe this will be sufficient to allow them to remain within their running costs budget in the short to medium term. • The annual outturn on a cash basis was £5.143 million. This represented a £0.011 million underspend against the Bòrd’s grant-in-aid allocation for the year of £5.154 million.
Governance and transparency	<ul style="list-style-type: none"> • Overall we found that the Bòrd has sound governance arrangements. • Systems of internal control operated effectively during the year. • The Bòrd operated with an Interim Ceannard for most of 2015/16 but a new permanent Ceannard has now been appointed. • Five new board members were appointed in March 2016.
Best Value	<ul style="list-style-type: none"> • The Bòrd have considered Scottish Government guidance on Best Value and have been proactive in their approach. • The Bòrd continue to monitor and review the organisations to which it awards funding.
Outlook	<ul style="list-style-type: none"> • From 2016/17 the Bòrd will have an in-house internal audit function reporting directly to the Ceannard. • The Bòrd are currently undertaking a structural review to identify their resource needs going forward. Once this is completed they will be better placed to identify their exact budget requirements for the medium to long term.

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of Bòrd na Gàidhlig (or “the Bòrd”).
2. The board and the Ceannard, as the Accountable Officer, are responsible for:
 - acting within the law and ensuring the regularity of transactions by putting in place appropriate systems of internal control
 - maintaining proper accounting records
 - preparing financial statements which give a true and fair view of the financial position of the Bòrd as at 31 March 2016 and its expenditure and income for the year then ended
 - publishing with their financial statements an annual report, comprising a performance report and accountability report.
3. Our responsibility, as the external auditor, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management with the oversight of those charged with governance. This does not relieve management of their responsibility for the preparation of financial statements.
5. Appendix 1 sets out the financial statements risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.
6. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports are summarised at appendices 2 and 3.
7. Appendix 4 is an action plan setting out our recommendations to address the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action / response". We recognise that not all risks can be eliminated or even minimised. What is important is that Bòrd na Gàidhlig understands its risks and has arrangements in place to manage them. The Audit and Risk Management committee should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of Bòrd na Gàidhlig will be Deloitte. In accordance with agreed protocols and International Standards on Auditing we will be liaising with the incoming auditors as part of this transition.

Audit of the 2015/16 financial statements



The financial statements show that funding and operating income for 2015/16 totalled £5.634 million. Scottish Government grant in aid funding was £5.154 million and accounted for over 90% of total funding and operating income. Operating income increased from £0.468 million to £0.480 million between 2014/15 and 2015/16. This was attributable to an additional £30,000 of Scottish Government Early Years' Funding and £16,000 of Linguistic Research Funding provided by MG Alba, partially offset by other funding agreements that ceased or reduced after 2014/15. Total operating expenditure for 2015/16 was £5.766 million with Gaelic Language Act Implementation Fund (£1.265 million), Bòrd Member and Staff costs (£1.138 million), Education and Learning (£0.873 million) and Community (£0.623 million) representing the largest areas of expenditure.

Audit Opinions

Financial Statements	<ul style="list-style-type: none">• The financial statements of Bòrd na Gàidhlig for 2015/16 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.• We confirm that the financial statements have been properly prepared in accordance with the 2015/16 FReM and the requirements of the Gaelic Language (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.• The annual outturn on a cash basis was £5.143 million. This represented a £0.011 million underspend against the Bòrd's grant-in-aid allocation for the year of £5.154 million.
Regularity	<ul style="list-style-type: none">• In all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers
Other prescribed matters	<ul style="list-style-type: none">• The part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Gaelic Language (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.• The information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Submission of financial statements for audit

10. We received the unaudited financial statements on 22 April, in accordance with the agreed timetable. These were substantially complete but did not include the Chairman's Report, CEO's Review, Mission Statement, Corporate Plan or Annual Business Plan sections. These were provided on 2 June.
11. The working papers in support of the financial statements were of a high standard and staff provided good support to the audit team which enabled us to complete our on-site fieldwork by the planned target date of 29 April.

Overview of the scope of the audit of the financial statements

12. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan which was issued on 16 December 2015 and presented to the Audit and Risk Management committee on 2 March 2016.
13. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken any non-audit related services. The 2015/16 agreed fee for the audit was £12,100 and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

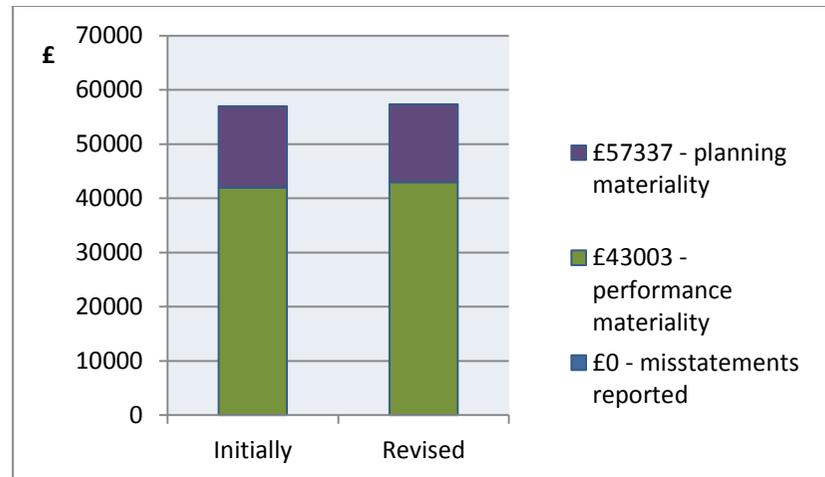
14. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance.
15. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

16. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. We assess the materiality of uncorrected misstatements, both individually and collectively.
17. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
18. We summarised our approach to materiality in our Annual Audit Plan. On receipt of the unaudited financial statements, we revised materiality for 2015/16 to £57,337 based on actual expenditure for the year.

19. We also set a lower level, known as performance materiality, when defining our audit procedures. This is determined to ensure that uncorrected and undetected audit differences do not exceed our materiality level. Performance materiality was set at £43,003 (i.e. 75% of materiality).
20. We report all misstatements greater than £1,000.

Exhibit 1: Overall materiality misstatements



Evaluation of audit adjustments

21. No misstatements were identified during the audit which exceeded our clearly trivial threshold of £1,000. Therefore no amendments have been made to the financial statements which impact upon either the net expenditure for the year or the net assets position at 31 March 2016.

Significant findings from the audit

22. International Standard on Auditing 260 (ISA 260) requires us to communicate to you significant findings from the audit as detailed below:
 - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and disclosures.
 - Significant difficulties encountered during the audit.
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
 - Written representations requested by the auditor.
 - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
23. A number of minor presentational and disclosure adjustments were identified during the course of the audit. These were discussed with management who agreed to amend the financial statements. We do not deem any of those amendments significant enough to report separately.
24. The following table details those issues or audit judgements that, in our view, do require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit in accordance with ISA260

For consideration by those charged with governance

JEGs review

25. In April 2016 the Bòrd engaged the services of Beamans Management Consultants to undertake a Job Evaluation and Grading (JEGs) review for all staff employed by Bòrd na Gàidhlig. The review involved an assessment of each existing post against the Scottish Government pay scales to identify whether any posts were graded incorrectly. The conditions of the review set out that the pay uplift for any staff whose posts were regraded upwards would be backdated to 1 April 2015 while staff whose posts were regraded downwards would have their pay protected for 3 years. As a result this created the potential for a present obligation (i.e. backdated pay owed to staff whose posts are regraded upwards) based on a past event (i.e. staff whose posts are regraded upwards being employed for the period since 1 April 2015) which under *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets* would require to be provided for in the 2015/16 financial statements.
26. The review was still being undertaken during our final accounts fieldwork but was concluded towards the end of May 2016 and did not identify any staff whose posts were wrongly graded. As such there is no financial consequence for the Bòrd as no present obligation exists.

Assurances provided to new Ceannard

27. As the new Ceannard only took up her post on 6 June 2016 she required to obtain assurances to enable her to sign the 2015/16 financial statements as the Accountable Officer at the certification date. Both the outgoing interim-Ceannard, and the Director General for Learning and Justice within the Scottish Government, who served as the Accountable Officer from 1 January 2016 to 5 June 2016, provided her with written assurances that the system of internal control and risk management arrangements operated effectively during 2015/16.

Future accounting and auditing developments

28. HM Treasury has issued the 2016/17 Government Financial Reporting Manual (FReM). This applies EU adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2016 (i.e. Bòrd na Gàidhlig's 2016/17 accounts).
29. We have reviewed the 2016/17 FReM and there are no significant changes from the 2015/16 FReM.

Financial management and sustainability

30. The main financial objective for Bòrd na Gàidhlig is to ensure that the financial outturn for the year on a cash basis is within the budget allocated by Scottish Ministers, taking one year with another.

Financial Planning

31. Bòrd na Gàidhlig, as a Non-Departmental Public Body (NDPB) of the Scottish Government, receives almost all of its funding directly from the Scottish Government.
32. As funding from the Scottish Government is Bòrd na Gàidhlig 's primary source of income there is a greater degree of certainty over future funding streams than for some other public sector organisations who have more reliance on income generating activities. Therefore, the main focus for Bòrd na Gàidhlig is achieving a balanced financial plan to remain within their annual allocation.
33. The Bòrd operate a rolling three year budget, using the assumption that grant-in-aid funding will remain constant and adjusting for inflationary pressures.

Financial management

34. As auditors we need to consider whether bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
 - the officer responsible for finance has sufficient status to be able to deliver good financial management,
 - standing financial instructions and standing orders are comprehensive, current and promoted within the body,
 - reports monitoring performance against budgets are accurate and provided regularly, and timeously, to budget holders,
 - monitoring reports do not just contain financial data but are linked to information about performance, and
 - board members provide a good level of challenge and question budget holders on significant variances.
35. Based on our accumulated knowledge, our review of board papers and through our attendance at the Audit and Risk Management committee we conclude that Bòrd na Gàidhlig has sufficient financial management arrangements in place.

2015/16 financial position

36. As in 2014/15, Bòrd na Gàidhlig's total Scottish Government grant-in-aid allocation for 2015/16 was £5.154 million. However, £0.209 million was released from the development budget to the operational budget to alleviate pressures on the running costs budget as shown in table 2. The Bòrd believe this will be sufficient

to allow them to remain within their running costs budget in the short to medium term.

37. During 2015/16 the Bòrd’s outturn on a cash basis was £5.143 million. This represented a £0.011 million underspend against their grant-in-aid allocation for the year of £5.154 million.
38. On an income and expenditure basis, the financial statements show a deficit of £0.132 million. This is the difference between the net operating cost for the year as shown in the Statement of Comprehensive Net Expenditure of £5.286 million and the annual funding received from the Scottish Government of £5.154 million. The difference between this and the outturn on a cash basis, detailed at paragraph 37 above, is attributable to accounting adjustments and non-cash costs (i.e. pension adjustments required under *IAS19 – Employee Benefits*, depreciation charges and other non cash movements).
39. The closing balance on the general fund was £0.103 million, which when netted off against the pension liability, leaves a net liability position of £0.624 million on the Statement of Financial Position. As in previous years this is attributable to the liability on the pension reserve, although this has decreased from £0.978 million at 31 March 2015 to £0.727 million at 31 March 2016. Although a net liability position has been reported, the accounts are prepared on a going concern basis which is in accordance with the Government Financial Reporting Manual.

2016/17 budget

40. Bòrd na Gàidhlig’s Scottish Government grant-in-aid allocation for 2016/17 has again been set at £5.154 million with £1.609 million being allocated for running costs.

Table 2: Scottish Government grant-in-aid allocation 2014/15 – 2016/17

Scottish Government – Grant-In-Aid Allocation	2014/15 (£m)	2015/16 (£m)	2016/17 (£m)
Core Grant-In-Aid (Running Costs)	1.400	1.609	1.609
Funds for Gaelic Development	2.614	2.405	2.405
Gaelic Language Act Implementation Fund	1.140	1.140	1.140
Total	5.154	5.154	5.154

Source: Scottish Government grant-in-aid allocation letters

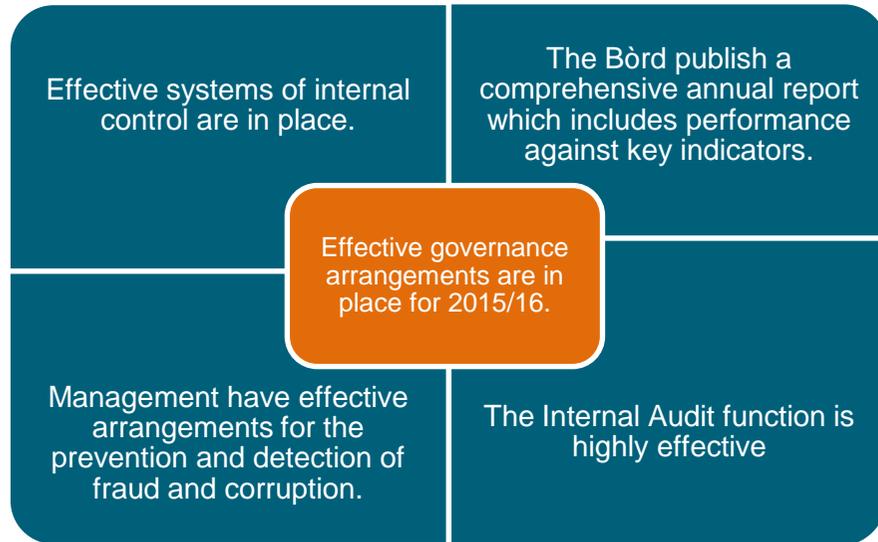
41. During 2015/16 long standing funding agreements with two organisations came to an end as a result of the changing Gaelic development and public funding environments. This will release funds that can be used in future years to support the changing needs and priorities of the Bòrd.

Outlook

42. The Bòrd are currently undertaking a structural review to identify their resource needs going forward. Once this is completed they will be better placed to identify their exact budget requirements for the medium to long term.

Appendix 4 – Action Plan No. 1

Governance and transparency



Corporate governance

- 43. The board and Ceannard (as Accountable Officer) are responsible for establishing arrangements for ensuring the proper conduct of the affairs of Bòrd na Gàidhlig and for monitoring the adequacy of these arrangements.
- 44. The members of the board are appointed by the Scottish Ministers. The board is supported in its role by three standing committees as illustrated in Exhibit 2.

Exhibit 2: Bòrd na Gàidhlig committee structure 2015/16



- 45. The committees meet on a regular basis throughout the year to consider relevant matters. We concluded that Bòrd na Gàidhlig has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.
- 46. For the majority of 2015/16 Bòrd na Gàidhlig operated with an Interim Ceannard. In addition, the Director General for Learning and Justice within the Scottish Government operated as the Bòrd's Accountable Officer between 1 January 2016 and 5 June 2016 as

the Interim Ceannard was being remunerated via an off-payroll arrangement, approved by the Bòrd's Scottish Government sponsor division, which prevented him from being appointed as the Accountable Officer.

47. A new permanent Ceannard was recruited in March 2016 and officially took up her post on 6 June. The new Ceannard was also appointed as the Bòrd's Accountable Officer with effect from 6 June 2016.

Board size and composition

48. In March 2016 five new board members were appointed which increased the size of the board from six to eleven members. One member is due to step down in June 2016 which will reduce the board to ten members but this still equates to around 1 board member for every 2.5 staff. Given the size of the board it is vital that the Cathraiche (Chair) manages meetings effectively so that, where possible, a consensus can be reached on important decisions.

Audit and risk management committee

49. The Chair of the audit and risk management committee is due to step down as a board member in June 2016. As none of the other members have a financial background, the Bòrd have appointed a chartered accountant as a lay chairing member. She will independently chair the committee meetings and assist the committee to discharge its roles effectively by providing advice and

scrutiny on finance matters relating to the arrangements for risk management, governance and control.

Transparency

50. The Scottish Government's "On Board" guidance (<http://www.gov.scot/Publications/2015/04/9736/0>), for board members of public bodies was updated and reissued in April 2015. On Board states that boards should demonstrate high standards of corporate governance at all times including openness and transparency in decision making. It recommends boards should consider:
 - holding an annual open meeting
 - holding board meetings in public unless there is a good reason not to
 - publishing summary reports and/or minutes of meetings
 - inviting evidence from members of the public in relation to matters of public concern
 - consulting stakeholders and users on a wide range of issues
 - making corporate plans and the annual report widely available.
51. Audit Scotland also believes in transparency of financial reporting within the Annual Report and Accounts including:
 - a clear reconciliation between expenditure and the outturn against Scottish Government Resource budgets.
 - identification of, and explanation of, any significant movements in budget during the year.

52. Overall we concluded that the Bòrd demonstrate good standards of corporate governance but could improve their level of openness and transparency by holding meetings in public and ensuring that minutes of all committee meetings are made available to the public via their website.

Appendix 4 – Action Plan No. 2

Internal control

53. No material weaknesses in the accounting and internal control systems were identified during the 2015/16 audit which could have adversely affected the organisation's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Internal audit

54. Internal audit provides the audit and risk management committee and Accountable Officer with independent assurance on the overall risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
55. As part of our risk assessment and planning process we assessed Tirard MacKenzie, Bòrd na Gàidhlig's internal auditors, and concluded that they operate in accordance with the Public Sector Internal Audit Standards. This enabled us to place reliance on their

review of grant payments for the financial statements audit during 2015/16. We also took assurance in terms of our wider code of audit practices responsibilities from their other work during the year.

56. 2015/16 was the final year of Tirard MacKenzie's appointment and they have now stepped down as the Bòrd's internal auditors. From 2016/17 a qualified chartered accountant with public sector audit experience, who is part of the current finance team, will provide an in-house internal audit function reporting directly to the Ceannard. This will run from 2016/17-2018/19 and work on the 2016/17 audit plan is due to commence in June 2016.
57. The Bòrd should ensure that adequate training and support is provided to the new internal auditor to enable them to comply with the requirements of the Public Sector Internal Audit Standards.

Appendix 4 – Action Plan No. 3

Capacity to deliver

58. For a number of years the Bòrd has reported high levels of sickness absence as shown in table 3.
59. Although there has been a slight reduction in sickness absence levels during 2015/16 to 7.6%, which equates to around 15 days per staff member, this still represents a significant challenge to the Bòrd as it places additional pressure on other staff.
60. To address this, and in particular to target short term absences, the Bòrd have draft a revised Absence Management Policy which includes trigger points for management intervention where staff

have regular periods of absence. This has still to be agreed with the PCS union but it is anticipated it will be adopted later in 2016.

61. Alongside the new Absence Management Policy management are also drafting policies for Flexible Working, Working from Home and Lone Working to ensure there are clear guidelines and procedures for staff to follow for each of these areas.
62. The Bòrd should continue to manage and monitor sickness absence and staff wellbeing to identify and address any work pressures, or other factors, that may be contributing to the high absence levels.

Appendix 4 – Action Plan No. 4

Table 3: Sickness absence rates 2011/12-2015/16

Financial Year	Sickness Absence Rate (%)
2012/13	5.1
2013/14	6.1
2014/15	10.6
2015/16	7.6

Source: 2011/12-2015/16 Bòrd na Gàidhlig Annual Report and Accounts

Arrangements for the prevention and detection of fraud

63. Bòrd na Gàidhlig is responsible for establishing arrangements to prevent and detect fraud and other irregularity. We reviewed and

reported on these arrangements and have concluded that there are effective arrangements for the prevention and detection of fraud.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

64. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. We consider whether bodies have adequate arrangements in place and have concluded that appropriate arrangements exist within Bòrd na Gàidhlig.

Best Value

Arrangements for securing Best Value

65. Accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value.
66. The Bòrd have considered Scottish Government guidance on Best Value and have been proactive in their approach. The duty of Best Value is also incorporated into the assessment of applications for funding.
67. During 2014/15 the approach to this review changed, with a greater focus on the financial information provided by organisations. This required organisations to submit quarterly financial returns. This was introduced to ensure the information provided by each is consistent and to allow management to carry out analytical review and create profiles across the organisations.
68. During 2015/16 long standing funding agreements with two organisations came to an end as a result of the changing Gaelic development and public funding environments. However, funding was not withdrawn from any recipients due to them failing to deliver in line with funding expectations.
69. The Bòrd will continue to monitor and review the organisations to which it awards funding during 2016/17.

Workforce Management

70. As part of our 2015/16 audit activity we conducted a review of workforce management arrangements across all our audited bodies. This work was a follow-up to the *Scotland's Public Sector Workforce* report published by Audit Scotland in November 2013.
71. During our interim visit we discussed the Bòrd's current workforce management arrangements with the Head of Finance and Corporate Affairs and the Corporate and Communications Manager. Through these discussions we established that Bòrd na Gàidhlig do not currently have an organisation-wide workforce plan as this has been put on hold until the conclusion of the current review of the Bòrd's structure. However, the formal process of annual appraisals is being used to produce an annual training plan to ensure the workforce is managed appropriately until the organisation is in a position to create a workforce plan.
72. Following completion of the structural review the Bòrd should develop a comprehensive workforce plan that includes:
 - projections of short, medium and long term workforce requirements (i.e. staff numbers, skills and expertise, and costs),
 - arrangements for staff appraisal and training,
 - plans for succession planning, and
 - arrangements for joint working or shared resources with other public sector bodies.

Appendix 4 – Action Plan No. 5

Information and Communications Technology

73. Currently the Bòrd use a range of partners to provide their Information and Communications Technology (ICT) infrastructure and support. This includes different providers for broadband, SharePoint support and web site design and hosting.
74. The Bòrd have recently produced their new ICT Strategy covering the period 2016-2018. Central to the success of this strategy is the procurement of a new integrated ICT contract for the provision of all the Bòrd's ICT infrastructure and support. The Bòrd intend to go out to competitive tender shortly with a view to having the new contract in place later in 2016. The current infrastructure and support arrangements will continue until the new contract is operational.
75. The Bòrd should ensure that the new integrated ICT contract addresses the organisation's current and future ICT requirements and represents value for money by improving the efficiency of the business.

Acknowledgements

76. We would like to express our thanks to the staff and members of Bòrd na Gàidhlig for their help and assistance during the audit of this year's financial statements, and throughout the course of the five year audit appointment.

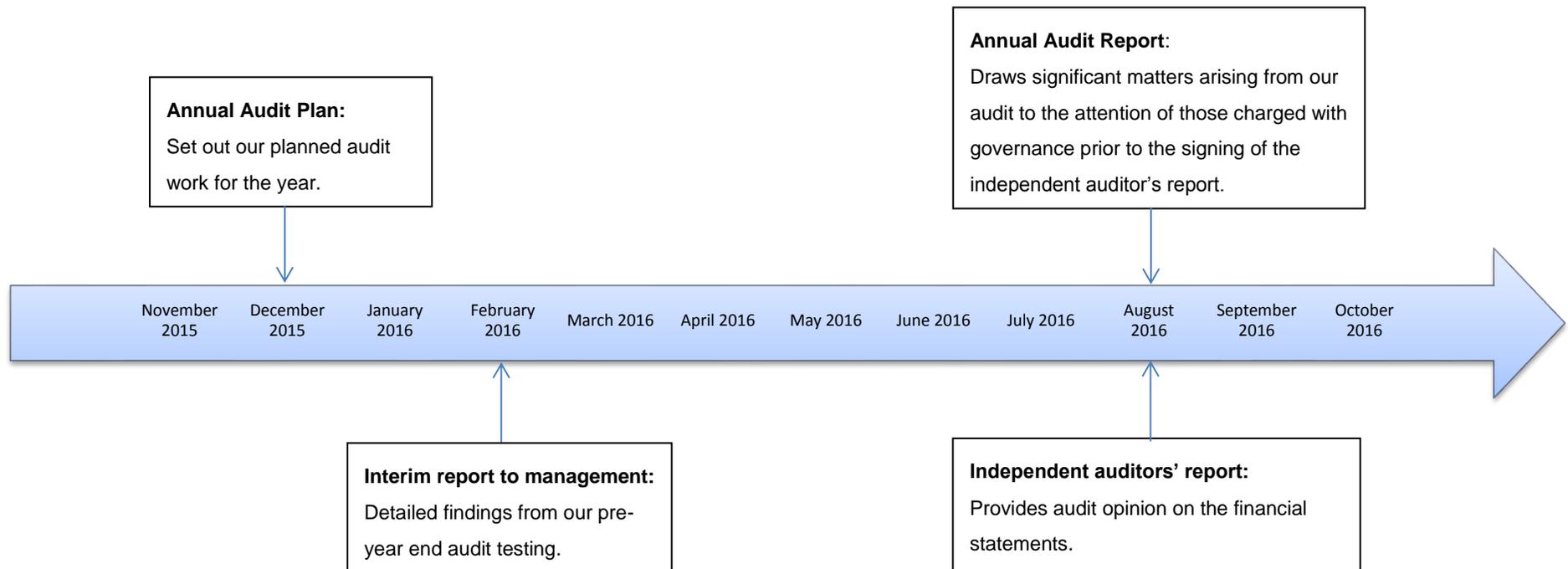
Appendix 1: Financial statements risks

The table below sets out the financial statements risks identified in our 2015/16 Annual Audit Plan, how we addressed each risk and our judgement in arriving at our opinion on the financial statements.

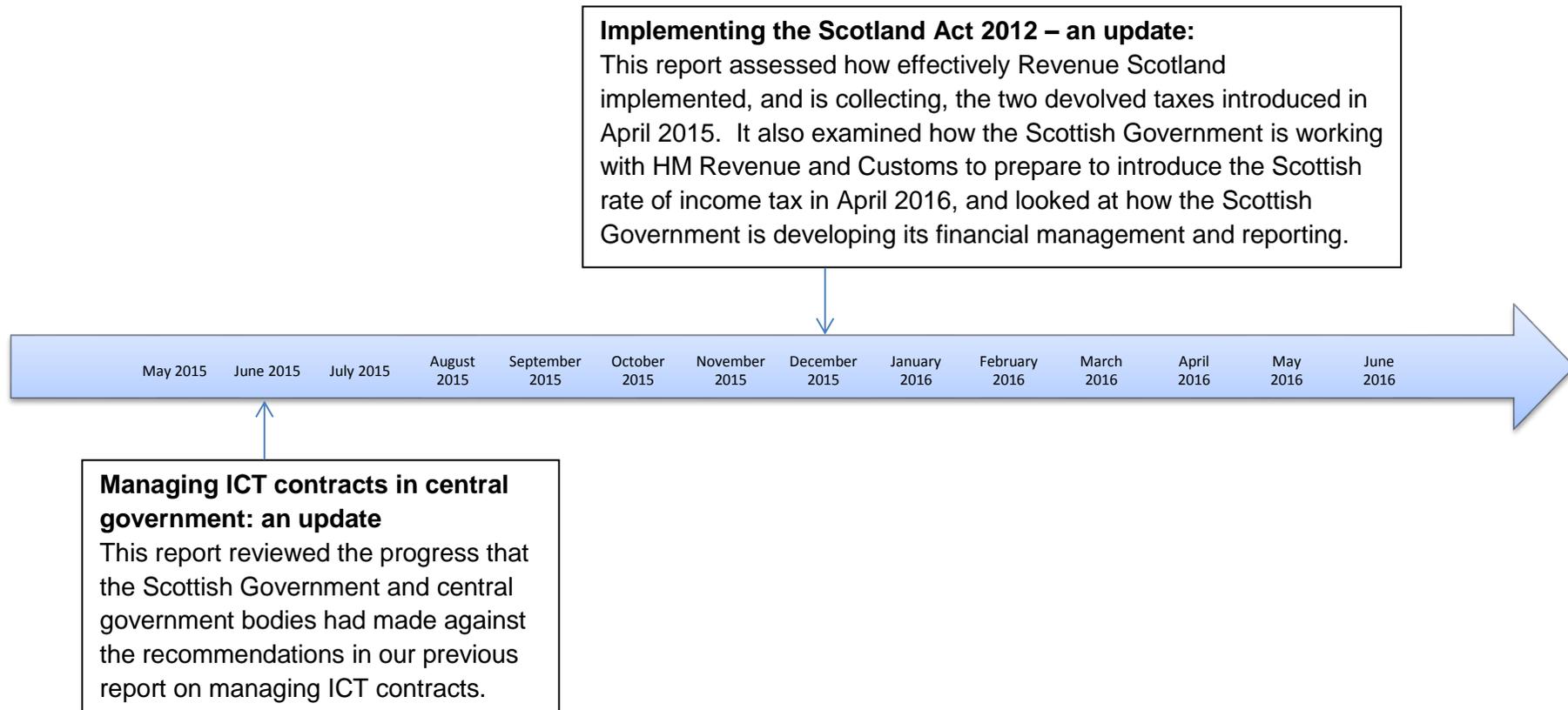
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement / opinion risk		
<p>Changes to Annual Report disclosure requirements</p> <p>The 2015/16 Government Financial Reporting Manual (FReM) was extensively rewritten to revise the layout and content of the Annual Report.</p> <p><i>There was a risk that the new requirements would not be accurately reflected in the Bòrd's 2015/16 Annual Report and Accounts.</i></p>	<ul style="list-style-type: none"> • We met with management in February 2016 to discuss the required changes and their proposals for the revised Annual Report layout and content. • We reviewed the Annual Report included within the unaudited financial statements against the requirements of the 2015/16 FReM as part of the financial statements audit. 	<p>Our review did not identify any significant departures from the requirements of the 2015/16 FReM. However, a number of minor presentational and disclosure adjustments to the Annual Report were identified to ensure this reflected the disclosure requirements set out for the new Performance Report and Accountability Report sections. Management reflected the required changes in the final version of the accounts.</p> <p>Satisfactory</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Staff grievances</p> <p>During 2014/15 a number of staff lodged grievances with the Bòrd in relation to employment matters. Two of these cases had been settled by the time we undertook our 2015/16 planning work but there remained the possibility that the Bòrd would face further financial costs to resolve the other cases.</p> <p><i>There was a risk that the Bòrd did not adequately account for these within their 2015/16 financial statements.</i></p>	<ul style="list-style-type: none"> • We reviewed the treatment of the settlement payments made in year to ensure they were included in the expenditure recognised in the 2015/16 financial statements. • We reviewed the Scottish Government approval for the settlement payments to confirm these were obtained prior to the offers being made. 	<p>During 2015/16 settlement payments were made to each of the individuals who had raised grievances. As part of our interim testing we obtained copies of the Scottish Government approval for each of the payments which confirmed these were obtained in advance of any offer being made and were consistent with the value of the actual payments.</p> <p>The value of the payments has been included as part of the staff costs in the 2015/16 accounts and the total number and value of the payments has been disclosed in a separate note below the staff costs table.</p> <p>Satisfactory</p>

Appendix 2: Summary of local audit reports



Appendix 3: Summary of national reports



Appendix 4: Action plan

No. (AS ref.)	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	42	<p>Issue: The Bòrd are currently undertaking a structural review to identify their resource needs going forward. Once this is completed they will be better placed to identify their exact budget requirements for the medium to long term.</p> <p>Recommendation: Following completion of the review the Bòrd should discuss their staffing and resource requirements with their Scottish Government sponsor division to ensure that an appropriate and sustainable structure can be put in place that will support the organisation's strategic objectives.</p>	Recommendation accepted.	Ceannard and Head of Finance and Corporate Affairs April 2017

No. (AS ref.)	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
2.	50-52	<p>Issue: The Scottish Government’s “On Board” Guidance states that boards should demonstrate high standards of corporate governance at all times including openness and transparency in decision making.</p> <p>Recommendation: The Bòrd could improve their level of openness and transparency by holding meetings in public and ensuring that minutes of all committee meetings are made available to the public via their website.</p>	Recommendation accepted.	Head of Finance and Corporate Affairs December 2016
3.	56/57	<p>Issue: From 2016/17 a qualified chartered accountant with public sector audit experience, who is part of the current finance team, will provide an in-house internal audit function reporting directly to the Ceannard.</p> <p>Recommendation: The Bòrd should ensure that adequate training and support is provided to the new internal auditor to enable them to comply with the requirements of the Public Sector Internal Audit Standards.</p>	In April 2016 the new internal auditor attended refresher internal audit courses with ICAS and CIPFA. Additional training and support will be provided as required.	Ceannard Ongoing

No. (AS ref.)	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
4.	58-62	<p>Issue: For a number of years the Bòrd has reported high levels of sickness absence</p> <p>Recommendation: The Bòrd should continue to manage and monitor sickness absence and staff wellbeing to identify and address any work pressures, or other factors, that may be contributing to the high absence levels.</p>	<p>Whilst the organisation records high levels of sickness absence, the majority of these are the result of longer term absences of a small number of staff and HR policies are in place to address this.</p>	<p>Ceannard Ongoing</p>
5.	70-72	<p>Issue: Bòrd na Gàidhlig do not currently have an organisation-wide workforce plan.</p> <p>Recommendation: Following completion of the structural review the Bòrd should develop a comprehensive workforce plan.</p>	<p>Workforce plan will be developed in parallel with new (2017-22) National Gaelic Language Plan and Corporate Plan.</p>	<p>Ceannard and Head of Finance and Corporate Affairs April 2017</p>