

## LINCOLN COLLEGE

### CONFIDENTIAL

#### AUDIT COMMITTEE MINUTES

**WEDNESDAY 20 APRIL 2016 1700HRS IN THE EXECUTIVE MEETING ROOM, LINCOLN COLLEGE**

<b>Present</b>	Nick Cudmore (Chair)	Peter Horner (Vice – Chair)	Nick Lyons (from 1709 hours)
<b>In Attendance</b>	Mark Platts (from 1703 hours) Wenke Geddert (Clerk)	Richard Lewis (Baker Tilly)	Mark Ashton- Blanksby (ICCA)
<b>Apologies</b>	Dean Graham	Lorraine Tomlinson- Hall (Chief Operating Officer)	
	Scott Winter (ICCA)		

#### **29/15 APOLOGIES**

Apologies were received from Lorraine Tomlinson-Hall, Dean Graham and Scott Winter. It was noted that Rachel Lewis was absent.

**Mark Platts joined the meeting at 1703 hours.**

#### **30/15 ELIGIBILITY, QUORUM AND DECLARATIONS OF INTEREST**

It was reported by the Clerk that notice of the meeting had been given and that a quorum was present. Accordingly, the meeting was declared open. There were no declarations made.

#### **31/15 MINUTES OF MEETING**

##### **Minutes of the Meeting held on 8 March 2016**

The Clerk tabled an updated set of minutes of the meeting held on 8 March 2016 as amendments had been received earlier on that day. These were agreed and signed by the Chair as a true and accurate record of the last meeting.

##### **Minutes of the Meeting held on 15 December 2015**

The minutes of the meeting held on 15 December 2015 which had been agreed at the last meeting were duly signed by the Chair.

#### **32/15 MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS**

There was no urgent business.

**33/15 LINCOLN COLLEGE INTERNATIONAL – KINGDOM OF SAUDI ARABIA (KSA) COLLEGES OF EXCELLENCE, FINAL AUDIT REPORT**

Mark Ashton-Blanksby reported on the paper “Lincoln College Final Audit Report 03.15/16 Lincoln College International – Kingdom of Saudi Arabia (KSA) Colleges of Excellence” dated 8 March 2016 which was circulated with the agenda.

Mark Ashton-Blanksby drew the Committee’s attention to the assurance opinion which was classed as ‘reasonable’ and stated that recent changes implemented by the College had strengthened the control framework.

**Nick Lyons joined the meeting at 1709 hours.**

The focus was on governance with regard to Lincoln College International’s operations in relation to the KSA CoE project. ICCA looked at both colleges’ management structure to deliver the CoE’s excellence programme.

Mark Ashton-Blanksby drew Governors’ attention to the recommendation “risk register”. A report by the Managing Director – Lincoln College International to the Lincoln College International Board in June 2015 set out an updated position of the risks facing the project with confirmation that a full risk register would be produced utilising the Group risk management software ‘4risk’. The process was completed in February 2016. Mark Ashton-Blanksby outlined that the college had to review processes by which risks are identified in relation to its operations within KSA.

Mark Ashton-Blanksby highlighted that financial controls in relation to Lincoln College International’s activity in KSA had been developed to reflect the operations. The management accounts now produced are adequately designed.

The Chair stated that the financial settlement would have an impact on the figures for next year. The Committee agreed to carry forward this item to the next meeting with the new Director of Finance & Performance to give an update.

***Action: Clerk – carry forward to next meeting, invite Director of Finance & Performance.***

Mark Ashton-Blanksby stated that the report had taken into account the financial scoring measures and impact on KSA. The Chair confirmed that risks had been identified and that the effects on the College had been recognised.

The Chair thanked Mark Ashton-Blanksby for his report.

**34/15 AUDIT REPORT RECOMMENDATIONS – SUMMARY SCHEDULE OF OUTSTANDING RECOMMENDATIONS**

The summary schedule of outstanding recommendations had been requested at the last meeting. It was agreed that this item would be deferred to the next meeting.

***Action: Clerk – put on agenda: Audit Report Recommendations – Summary Schedule of Outstanding Recommendations, ICCA***

It was agreed for Mark Ashton-Blanksby to produce a follow up report and list all recommendations for management. The Chair stressed the importance of progress tracking.

Mark Ashton-Blanksby stated that a learner records review was scheduled for 31 May 2016 and informed Governors that the report would be presented at the next meeting of the Committee. He confirmed that Becky Ward, Group Head of Information Services, was aware of the urgency of the report and for any recommendations to be addressed in a timely manner. It was agreed to invite the Group Head of Information Services to the next meeting of the Committee.

**Action:**

**Clerk – invite Becky Ward, Group Head of Information Services, to the next meeting.**

**Clerk – put on next agenda: Report on Learner Records Review.**

### **35/15 STANDARD RISK REGISTER**

The Standard Risk Register, which was circulated with the agenda for information, was noted.

The Clerk informed the Committee as to why the report circulated with the agenda of the previous meeting had shown unpopulated fields. This was due to the system not having been set up correctly and some risk holders had therefore not been given access to certain areas of the system and had not been aware that additional information was required. It was noted that this had now been addressed and rectified.

Governors expressed their concern that no reference to KSA had been made in the risk area.

Mark Ashton-Blanksby stated that there seemed to be inconsistency in scoring measures.

The Chair stated that the Standard Risk Register was work in progress. Mark Ashton-Blanksby confirmed that it contained a lot of detail and went on to outline that it would assist the Committee to see a summary of high risks rather than the full and comprehensive report. A Governor expressed his concern about the 4risk software driving a process. Governors were of the opinion that this register could be continued to be used as an operational register alongside a newly created strategic risk register. It was felt that the IT section was particularly detailed and written at an operational rather than a strategic level. The comparative score had to be consistently applied.

Risk owners were discussed. It was agreed that administration could populate the register; however, it was felt that a risk owner had to be at management level. The Committee agreed that the risk management group should discuss the following issues: risk owners to be properly defined; comparative scoring to be consistently applied; international relations to be incorporated.

**Action: Clerk – pass on to risk management committee to discuss the following issues: risk owners to be properly defined; comparative scoring to be consistently applied; international relations to be incorporated.**

The Chair added that comprehensive detail on the Standard Risk Register was required only once a year but any changes should be reported on regularly.

### **36/15 EDUCATION FUNDING AGENCY: CONDITIONS OF FUNDING HEALTHCHECK, FINAL AUDIT REPORT**

Mark Ashton-Blanksby reported on the paper “Lincoln College Final Audit Report 02.15/16 Education Funding Agency: Conditions of Funding Healthcheck” dated 4 March 2016 which was circulated with the agenda.

He outlined how the funding was calculated. He drew Governors’ attention to the fact that the previous year was the first year in which the conditions of funding applied and went on to highlight that the EFA introduced a financial tolerance for non-compliance, with the conditions of funding at the end of the 2014/2015 academic year, equivalent to 5% of the funding allocated. This will not be applied for 2015/2016.

On page 3 of the report, Mark Ashton-Blanksby stated that 140 learners were identified as non-compliant students in 2015/2016, which was equivalent to £482,705. He stressed that this would have an impact in 2017/2018. He outlined that he had spoken to MIS prior to the Committee meeting who had confirmed that the compliance rate had since been reduced from 140 to 84.

Calculating a 5% tolerance on this level, would reduce the national percentage rate per student value of non-compliant students to less than 3%. He stressed that funds at risk at present could amount to a total of £370,000.

A Governor challenged the figure of 140 students and asked whether this was consistent with College expectations. Mark Ashton-Blanksby said that his discussions with the College had confirmed that the College was aware of it and was addressing it.

The Committee asked for an updated position on compliance data in the first term of the academic year.

***Action: Clerk – put on agenda for first meeting in the next academic year: Conditions of Funding Healthcheck – Updated Position. Becky Ward, Group Head of Information Services, to give a report.***

The Chair thanked Mark Ashton-Blanksby for his report.

### **37/15 REVIEW OF INSURANCE**

#### 2016/17 Insurance Renewal Review: Principal Sums Insured/ Estimates/ Limits

The document “2016/2017 Insurance Renewal Review, Principal Sums Insured/Estimates/Limits prepared on behalf of Lincoln College &/or Subsidiary Companies by Hettle Andrews & Associates” which was circulated with the agenda was noted.

#### Claims Summary

The document “Lincoln College &/or Subsidiary Companies, Claims Summary by Hettle Andrews & Associates” which was circulated with the agenda was noted.

The Committee felt that that it would be more appropriate for this item to be reviewed by the Finance Committee.

**38/15 AUDITORS ITEM WITHOUT MANAGEMENT**

As there was no management present, this agenda item was not applicable.

**39/15 URGENT BUSINESS**

The Chair invited Governors to raise any issues that had not been covered earlier as part of the meeting.

Mark Ashton-Blanksby stated that from next year onwards, ICCA would improve their audit schedule and ensure actions would be taken in a timely manner. Governors agreed that a schedule of work spread over the year rather a large number of reports at the end of the year would be preferable. The Chair stressed that in the light of any significant delay, ICCA had to ensure that the Committee was updated immediately.

Governors felt it was important for a management representative to join the Audit Committee and regularly attend meetings.

Clarification on the agenda setting process was sought. The Clerk informed the Committee that, in line with the Committee's terms of reference, the agenda was agreed by the Chair of the Committee. Once the agenda was finalised, reports were obtained by the Clerk to be sent out with the agenda pack.

There was no other urgent business.

**40/15 DATE OF THE NEXT MEETING**

The Committee agreed for the next meeting scheduled for Tuesday 21 June to be rearranged. The next meeting will therefore take place on Wednesday, 29 June 2016, at 1700 hours.

**The meeting closed at 1815 hours.**

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Chair

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Date