

MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD BY MS TEAMS ON TUESDAY 19 OCTOBER 2021 AT 15.00 HOURS

Present:	Tim Godson Lucy Goodier Peter Price Danielle Lister	Chair Vice Chair
In Attendance:	Sarah Adams Thomas Dannatt Claire Love Paul Oxtoby Stephen Pringle Graham Gillespie Graham Harrison	Clerk to the Board of Corporation Group Director (Finance and Commercial) Group Head of Finance RSM UK Audit LLP Wylie & Bisset (via Teams) Wylie & Bisset (via Teams) Group Director IT, IM and Projects (for item 8 only)
Apologies:		

1/21	APOLOGIES FOR ABSENCE No apologies were received. The Clerk reported that, due to work commitments, Dean Graham was taking a sabbatical for this academic term and hopes to return in the new year.
2/21	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.
3/21	APPOINTMENT OF CHAIR AND VICE-CHAIR AND TERMS OF REFERENCE The Clerk reported that, in accordance with the Standing Orders, the Chair and Vice Chair of the Committee should be appointed on an annual basis. The Committee were asked to approve the appointment of Tim Godson as Chair and Lucy Goodier as Vice Chair for the academic year and this was fully supported. The Terms of Reference (ToR) had been updated following the publication of the Post-16 Audit Code of Practice. The Committee adopted the ToR as circulated.
4/21	MINUTES OF THE MEETINGS HELD ON 15 JUNE 2021 The minutes of the meeting held on 15 June 2021 were checked for accuracy and matters arising. 55/20 – clarification was provided that additional costs were linked to changes to the ACOP 59/20 – It was explained the Towns Fund Grant in relation to the Drill Hall has now been signed

	<p>The confidential items were highlighted as the appointment of the internal and external auditors.</p> <p>The minutes were agreed as a true and accurate record and were signed accordingly.</p>
5/21	<p>MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS</p> <p>There were no matters arising.</p>
6/21	<p>FRAUD, IRREGULARITY, IMPROPRIETY AND WHISTLEBLOWING</p> <p>There was nothing to bring to the attention of the Committee.</p>
7/21	<p>SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT</p> <p>The monitoring report had been circulated. It was noted there are 7 items to be highlighted for potential removal with the approval of the Committee. The positive improvement was noted.</p> <p>Discussion took place on those items remaining on the report. The importance of signing items off in a timely manner was highlighted.</p> <ol style="list-style-type: none"> 1 Marketing – contact with other Colleges should now be able to resume. It was reported that there have been a number of improvements made to the enrolment process. Agreed to remove 2 Apprenticeship Strategy – the Committee asked if this has been published and what the ongoing impact will be? – Clerk to follow up with Director of Apprenticeships to confirm. Agreed to remove when published 3 Cost sharing – it was outlined that a further subsidiary is to be added that needs to be incorporated prior to final sign off and the aim is for this to be completed by the next meeting 4 This has been updated in the Risk Management Report and sign off is expected in December. The Risk Appetite statement will be signed off at Board level. 5 Risk Management Training – suggested this is removed. The Committee asked how this will be monitored and that the right amount of training is undertaken. It was explained that the RMG minutes will to be circulated to the Audit Committee by the Clerk when available. The EA for GD(F&C) has joined the Institute of Risk Management and has attended a number of webinars, which are being shared appropriately. Agreed to remove 6 This has also been updated in the Risk Management Report and links to item 4 7 It was noted that the original management response and scheduled implementation are a contradiction as roll out is being tested currently. It was agreed to follow up with Graham Harrison 8 Waste Electrical and Electronic Equipment. Agreed to remove 9 Data Leakage Prevent – agreed to ask Graham Harrison for an update 10 Subcontracting Controls. It was confirmed that one contract has rolled forward but there has been no new subcontracting. Agreed to remove 11 Health and Safety – all items have been included in the new Policy which has been published. Agreed to remove 12 Lone/Home Working – a new Policy has been published. Agreed to remove 13 COSHH Register – it was noted this states that responses are awaited from some areas. It was explained this was discussed at Health and Safety Committee. It may be that additional administration support is required to file these in the correct location. The Committee agreed that implementation could be extended to the end of December. Update Implementation Date

	<p>14 It was explained that no response had been received and therefore the relevant Director had been liaised with. An extended Implementation Date had been agreed</p> <p>15/16 In-House Catering – it was explained there had been a change of contracts at the Football Club which had required the full attention of the Head of Commercial Catering over the summer. It was explained that the cash handling is carried out in accordance with procedures.</p> <p>Action: Items flagged as green for removal</p> <p>It was explained there is one Internal Audit Report outstanding which is linked to the AEB audit and the financial information has now been provided to enable the report to be finalised.</p> <p>It was highlighted that some areas may fall within the remit for due diligence and should therefore be a focus.</p> <p>It was agreed that where there are delays on recommendations not being completed that the Responsible Officer could be invited to the Committee to outline the reasons.</p>
8/21	<p>TOP LEVEL SCORECARD/RISK REGISTER</p> <p>It was asked if there was to be a separate risk register for the due diligence process. It was responded that this is not yet known. It was explained that FE Associates are to attend the next Board meeting as part of the process.</p> <p>The Committee highlighted the current national focus on the safety of females and asked if this is being considered and highlighted as a specific risk? It was explained that this is being considered by the Safeguarding, Welfare and Estates Teams. GD(F&C) to arrange a meeting to update and follow up on this issue.</p> <p>Action: TD to follow up as part of safeguarding</p> <p>[Graham Harrison joined the meeting]</p> <p>The Chair explained the Committee are reviewing the top-level scorecard and Risk Register at each meeting. GH was asked to give an update on IT and also if there were any items or issues that he and his team were having difficulty in addressing and the reasons for this.</p> <p>It was explained that the cyber-security risk is the only IT currently on the top-level scorecard as this is a strategic level risk. It was explained that on 4Risk there are a few more risks including some that are considered critical. The attack in November last year knocked the systems out for 17 days. As part of back to 'business as usual' the College has brought in 'advanced threat protection' which is a different way of looking at cyber threats. It was explained that this keeps current IT measures, assumes an attack has already happened and includes mechanisms to isolate and stop any attack and a plan to recover from zero. When the attack last year happened, the College had the first and third mechanisms in place but not the second. The College are now working with KryptoKloud and the risk has gone down but is still significant enough due to the implications to be on the top-level scorecard. Overall the College is in a very good place compared to others in the sector. There have been a number of other institutions that have been under attack.</p>

It was asked if the IT team had the resources available that were needed. It was explained that a number of risks are managed internally and are linked to capital investment. This year there is a significant capital programme for IT which is addressing the majority of the risks at the next level down.

An example was given of the banking industry who have two full sets of data but that this is not the case for educational institutions. Should there be the destruction of critical equipment, ie fire, flood or disaster on Monks Road, leading to the loss of the main servers, etc, there would be the need to recover from zero. It was explained that holding two full sets of data is extreme and for an educational institution would not be good value for money.

The Committee welcomed the update.

Discussion took place on the measures in place including Cyber Essentials and Cyber Essentials Plus but that this did not stop the attack. Consideration has been given to audit channels and combining the audit from KryptoKloud and advanced threat protection. The approach had to be different following the attack, ie multi-factor authentication for staff, removal of the Mac Suites, etc. All recommendations were implemented. A follow up will be carried out during this year.

Action: to see the assurance and audit of KryptoKloud.

GH explained he has a presentation of what Boards should ask the technical people linked to assurances around cyber-security and can circulate this for information if it is felt to be of use.

It was asked if there was conflict between the IT protections that need to be in place at the College and the protentional impact that this may have on the functioning of the College. It was explained that the easier it is for staff to access systems then the easier it is for the hackers to do the same, so there needs to be a certain level of restrictions. It is important to communicate to staff that restrictions are required to ensure the organisation is kept safe.

Items on the rolling audit report were discussed. It was explained that the 'lock out' of PCs is being implemented but will have no impact in relation to security issues. This will be monitored.

Data Leakage Prevention was discussed. It was explained this is expensive and would need to be considered in balance in relation to an increase in software licences, policies and process in place, things on workplace, etc and may be cost prohibitive. The relative cost is the same as advanced threat protection – investment required – missing out on? It was explained that Office 365 is used and has some safeguards in place but is not a full data leakage solution. Costs may run into 6 figures to cross out a low-level risk.

The Auditors highlighted this was a low risk recommendation and it may be considered that this can be accepted. It was felt the recommendation was not about investing but utilising the current system in place which could be expanded.

Action: GH to follow up with the original auditor to further understand the finding and risk.

It may be that there is clarification required to the wording. It may be that the risk is acceptable and this can then be removed from the rolling report.

	<p>Post Meeting Note: The IT Team followed up with the Clerk and are to produce a report on how the current system can be further utilised. The DPO has been added to the automatic reporting where sensitive information has been shared externally. This has been tested and the reporting is working.</p>
9/21	<p>INTERNAL AUDIT REPORTS</p> <p><u>Subcontracting Controls Report</u></p> <p>A summary of the report was provided. It was explained an annual report is required if funding contracts exceed £100k in academic year. The only contract relates to Risual Limited. There has been no new AEB or ESF subcontracting in 2020/21. It was confirmed that all appropriate arrangements in place and the Subcontracting Controls Assurance Certificate has been submitted to ESFA.</p> <p>The Auditors explained that the AEB audit is ongoing. A planning meeting has been held. The Annual Report for 2020/21 and Annual Plan 2021/21 will come to the next meeting.</p> <p>From the Audits scheduled for 2020/21 two audits have rolled forward and this detail will come to the December meeting.</p> <p>It was asked if there was any impact related to the due diligence and this was discussed.</p>
10/21	<p>REGULARITY SELF-ASSESSMENT QUESTIONNAIRE</p> <p>It was explained that this is currently being worked through and will come to Audit Committee in December. This will be shared with ELT and External Auditors to inform the work on regularity.</p>
11/21	<p>RISK MANAGEMENT ANNUAL REPORT 2020/21</p> <p>The Annual Report for 2020/21 had been circulated. The following was highlighted:</p> <ul style="list-style-type: none"> • Risk appetite process has commenced • Risk management policy has been updated • Developing a risk management strategy which links to the risk appetite • Business recovery plan has been rewritten • Board Assurance framework has been developed and every item on the Risk Register has been populated into the document with every level of assurance. This will be brought to the Committee • Four meetings had been held in the year • New and emerging risks has been added to the agenda as a standing item which has been useful <p>Questions were welcomed. It was asked why the August meeting was not quorate. It was explained that this was due to annual leave but generally the meeting is well attended.</p>
12/21	<p>HEALTH AND SAFETY ANNUAL REPORT 2020/21</p> <p>The Annual Report for 2020/21 had been circulated. The following was highlighted:</p> <ul style="list-style-type: none"> • There was an external comprehensive review carried out by Hettle Andrews last year linked to Covid which was positive • In January an internal audit was carried out with a conclusion of substantial

	<ul style="list-style-type: none"> • An external review was undertaken in August 2021 and significant progress has been made. This completes in November • Discussion took place on sickness and benchmarking. It was asked if this was carried out in the sector as the number of days lost looks high. It was explained that AoC publishes benchmarking. It was asked if there is a significant impact due to lost teaching time and if this is monitored. It was explained that FE resources provide agency staff for cover and each team has a budget for this. <p>Action: TD to follow up on impact on lost teaching time</p> <p>It was noted that mental health was not included. It was explained this is in a separate report.</p> <p>Action: HR report to be circulated</p>
13/21	<p>GDPR ANNUAL REPORT 2020/21</p> <p>The Annual Report for 2020/21 had been circulated and was taken as read. The Clerk highlighted the increase in numbers of breaches reported during the academic year but explained that this was seen as a positive as it enables support and advice on prevention to be provided.</p> <p>A large number of the breaches related to the use of emails whether either the correct system had not been used or emails sent to the wrong recipient. It was explained some of this possibly stemmed from a lack of training for new staff or access to systems during the Covid lockdown and working from home.</p> <p>The cyber-attack had been the only breach during the year to be reported to the ICO. The feedback received was that the ICO were happy with safeguards already in place and how the attack had been dealt with. There was no evidence of any release of any data.</p> <p>It was asked if there was any idea how many aren't reported and this was discussed. It was explained that training is undertaken by new staff as part of their induction and that refresher training is rolled out every two years in line with ICO guidance.</p> <p>The Clerk explained that communication is to be refreshed through Workplace to ensure GDPR remains high on the agenda for all staff. The Working Group will be meeting on a termly basis to monitor breaches and training levels.</p>
14/21	<p>URGENT BUSINESS</p> <p>It was explained that External Audit is taking place in phases. Funding work has been completed. Detailed testing on claims with some follow ups and reconciliation is now required. No issues have been highlighted. The Financial Statements audit work has been moved back slightly to give more time for preparation. KSA audit is taking place at the same time. It was noted that Auditors will be on site this year.</p> <p>An update was requested on Ravendale. It was explained that planning determination is awaited from the Council. A plan B is being explored with the developers and it may be that some pockets of land are sold. This would not allow for the Community benefit. The impact on cashflow was outlined which is minimal.</p>

15/21	<p>DATE OF NEXT MEETING</p> <p>Date of Next Meeting: the next meeting will be held on Monday 13 December 2021 at 13.00 hours</p> <p>Discussion took place on a potential move to the date of the next meeting. This will be advised following the meeting.</p>
	<p>The meeting closed at 17.02 hours.</p>

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Chair

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Date