



MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD BY MS TEAMS ON TUESDAY 20 OCTOBER 2020 AT 17.00 HOURS

Present:	Tim Godson Dean Graham Haydn Beeken	Chair
In Attendance:	Sarah Adams Thomas Dannatt Claire Love Richard Lewis Ashley Hepton Stephen Pringle Sylwester Rzeminski Graham Cowan	Clerk to the Board of Corporation Group Director (Finance and Commercial) Group Financial Controller RSM UK Audit LLP [for item 1/20] RSM UK Audit LLP Wylie & Bisset Acting Head of Infrastructure, Facilities and Estates [for item 7/20] GJC Risk [for item 7/20]
Apologies:	Paul Oxtoby	

1/20 APOLOGIES FOR ABSENCE

Apologies were received from Paul Oxtoby. Haydn Beeken joined the meeting. Richard Lewis introduced Ashley Hepton to the meeting and Ashley was welcomed.

Richard Lewis explained the statutory accounts filing deadline has been extended to 31 January 2021 in light of Covid-19. It was recommended to the Committee to work to the original deadline of 31 December 2020 but it was noted there may be a delay in the external audit work which may result in a delegation of authority to the Chair of Board and CEO for final filing. **The Committee agreed this approach.** It was noted that matters around internal control framework have to be reported in the financial statements. Discussion took place on the financial position of the sector as a whole.

[Richard Lewis left the meeting]

2/20 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.

3/20 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. As discussed earlier in the year Tim Godson took up the role of Chair in January 2020 and it had been agreed to postpone the appointment of a Vice Chair depending on additional Committee members and Lay Governor appointments. The Clerk explained that the Search Committee had met today to interview new Board and Lay members and asked the Committee to agree to postpone appointing a Vice Chair until these appointments are in place.

The Committee were asked to approve the appointment of Tim Godson as Chair for the academic year and this was fully supported.

The Clerk explained that the Terms of Reference had been amended to reflect changes to the Post-16 Audit Code of Practice published in July 2020.

The delegation of authority under paragraph 7 as follows were discussed:

In addition the Audit Committee must:

- *oversee the Corporation's policies on and processes around fraud, irregularity, impropriety and whistleblowing, and ensure:*
 - *the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity*
 - *that investigation outcomes are reported to the Audit Committee*
 - *that the external auditor (and internal auditor if applicable) are informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/ actioned*
 - *that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to the ESFA, and other relevant funding authority, as soon as possible*
 - *risks around fraud have been identified and controls put in place to mitigate them.*

Discussion took place on how issues are brought to the attention of the Committee and the need to ensure any instances are discussed at each Committee meeting was agreed. It was reported that many Colleges have this as a standing item on the agenda. It was explained that a Fraud Policy is being developed which will include regularity.

Action: To include this at each meeting

Agreed: The Terms of Reference were approved as amended

4/20 MINUTES OF MEETING HELD ON 16 JUNE 2020

The minutes of the meeting held on 16 June 2020 were checked for accuracy and matters arising. On page 2 minute (35/19) it was agreed to change 'A second partner review for each review' to 'A second partner review of each audit'.

Following amendment, the minutes were agreed as a true and accurate record and will be signed accordingly.

5/20 MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS

There were no matters arising or notifications of urgent business.

6/20 SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT

The Schedule had been updated prior to the meeting. There are 39 items currently with 11 flagged for removal as Internal Audit are satisfied that the actions are complete. There are some items that have not yet reached their date for completion. The GD(F&C) gave an update on the CRM and delay due to Covid. A cost benefit analysis is to be carried out on the development of the current package. The Committee were asked if they were happy to hand over the development of the CRM to be actioned operationally and remove from the report or alternatively leave the action included and provide updates on progress. The Committee agreed that this was not a quick fix and that it should be removed and moved to an operational project.

The Internal Auditor explained that a follow up report has been carried out and there are only four recommendations that are not fully completed. Strong assurance has been provided and it was confirmed that the auditors are in agreement with those items to be removed as complete.

The three new audit reports have been added to the rolling report but due to the timing of receiving these follow up on management responses had not been completed. It was reported that a review of the process is being undertaken to avoid this issue in future. The Committee agreed it would be useful to see some of the staff involved in the audits and to invite Heads, Leads, Directors to attend to explain context where required.

Approved: items can be removed that are flagged as green

Action: invite Directors, Heads and Leads to meetings as required

7/20 HEALTH AND SAFETY STRATEGY PROPOSAL

[Sylwester Rzeminski and Graham Cowan joined the meeting].

GD(F&C) introduced Sylwester Rzeminski and Graham Cowan to the Committee. Graham Cowan has been supporting the team to develop the Health and Safety Plan and proposal. There is an external framework that can be worked through to achieve accreditation.

Graham Cowan gave an overview of the compliance audit that had been carried out and the work that had been implemented following this and progress on setting a framework to demonstrate compliance and integrating health and safety into business as usual.

Phase 1 will be to revisit this framework followed by a deep dive into the actions that have been completed since that point, followed by moving to Phase 2 to address any gaps and work towards the ISO 45001 accreditation and best practice. Phase 1 will commence in January 2021. Phase 3 involves implementation and embedding of systems and Phase 4 (the final phase) is to seek formal accreditation to ISO. The full process is a review of compliance, addressing gaps and building and developing a Health and Safety Management system to move towards ISO accreditation.

The full proposal had been circulated for consideration.

GD(F&C) explained that a Head of Estates and Development had been appointed who is well qualified in Health and Safety to assist with capacity. It was agreed to include an update at each meeting to keep the Board up to date.

[Sylwester Rzeminski and Graham Cowan left the meeting].

8/20 INTERNAL AUDIT REPORTS

The reports were taken as read.

a) Internal Audit Annual Report 2019/20

The report had been circulated and an overview was provided. Overall opinion is that sufficient internal audit work has been completed to enable a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes. The audit opinion was that the College does have adequate and effective processes in place and proper arrangements to promote and secure value for money.

Page six outlines audit days and that only 28 actual days were carried out rather than the 42 planned days during 2019/20. Some items have been deferred. Of the audits completed three concluded as substantial and one as strong, with 14 medium recommendation and 11 low recommendations. Questions were invited.

Benchmarking on page 7 was discussed and it was asked who the College, as a large and complex organisation, is being benchmarked against. It was explained this is against all other education establishments worked with by the audit firm, some of which will be larger and some smaller. In each individual report the aim is to benchmark against similar Colleges. The audit firm has 24 other FE providers they currently work with.

b) Disaster Recovery, Equipment and Hacking

The auditors were thanked for the very comprehensive executive summary. It was explained that the IT auditor had completed this work. Overall substantial assurance was provided with 1 medium and 7 low recommendations. This was a positive review with a number of areas of good practice noted. The limitation of scope was discussed and it was recognised that there were restrictions in the current situation. It was confirmed however, that work does not have to be redone and the way the audit had been carried out was outlined in detail including sharing screens to test the items. The Committee expressed their thanks to Graham Harrison. Discussion took place on skills gaps and recruitment to technical positions. It was outlined that a capital budget is being developed to include updating IT with a priority on curriculum delivery. The IT Disaster Recovery Testing finding and risk on page 24 was discussed and that the management response stated that a full implementation of the recommendation was not possible. It was asked how this will be addressed to mitigate the risk, and it was explained this will feed through as part of follow ups.

c) Staff Utilisation

It was noted that the report is based on last academic year and will be quite different currently due to the impact of Covid and changes in working practices. Overall substantial assurance was provided with 4 medium and 2 low recommendations. It is expected that most recommendations will have already been completed. Under and over-utilisation was discussed and specifically the corresponding figures of 108 and 119 respectively. GD(F&C) explained the basis is utilising staffing to inform decisions on curriculum requirements and offerings. The work nearing completion on cost of delivery was explained and how this links together and will provide a larger data set. The importance of quality, together with cost of delivery and staff utilisation was highlighted. Discussion also took place on remote learning and how this is to be monitored and measured through P&Q Committee. It was asked if the report was purely timetabled hours and didn't therefore take into account other hours worked and this was confirmed. Contact hours were explained. With a focus on health and wellbeing of staff it was considered that the College should be more concerned with those being over-utilised rather than under-utilised.

d) Subcontracting controls

The report had been circulated and background was explained. A number of tests were undertaken based on ESFA guidance. The subcontracting controls certificate has been provided to the ESFA. Two low grade recommendations have been accepted by management for implementation. The Committee were content with the report received. It is expected that new guidance in relation to subcontractors is to be released by the ESFA.

9/20 INTERNAL AUDIT PLAN 2020/21 – DRAFT FOR DISCUSSION

The draft internal audit plan had been circulated. The areas to be covered include those rolled forward from last year. Attention was drawn to the summary appendix. 57 audit days are currently planned and the areas to be covered were outlined. The draft plan has been considered at ELT and some additional areas including Cost of Delivery and Adult Education have been suggested with some areas potentially deferred to the following year. It was recommended that the plan is finalised following discussion with ELT and brought back to the December meeting for approval. The Committee were asked for their input to the plan.

The Chair stressed the importance of looking at what should be looked at rather than what we would like to be looked at. Internal audit confirmed their oversight of ensuring that some items are not delayed. Budgeting and procurement were highlighted in general and the issues being seen recently in the sector outlined. The cyclical basis of certain audits was explained. Comments will be considered when agreeing the final plan. The Committee asked about the student experience and suggested this would be a good time to look at this given the current position. It was agreed by the Committee that the student experience and tracking of this is crucial.

Action: Committee to feed into the plan

Action: Final plan to be agreed at the December meeting

10/20 REGULARITY SELF-ASSESSMENT QUESTIONNAIRE

The regularity self-assessment work has commenced and will be reviewed by ELT prior to the December meeting. External Audit confirmed they are making good progress and currently carrying this out virtually.

11/20 RISK MANAGEMENT ANNUAL REPORT 2019/20

The report was taken as read. Productive meetings have been held during the year. An annex has been added to the report outlining movement of risks during the year. Discussion took place on the high level risks included and it was recognised that some will remain high even with mitigating actions in place. Discussion took place on which staff would be trained on the 4Risk system and it was agreed that this would be risk owners rather than all staff.

The Committee were asked to approve the recommendations.

The Committee supported the recommendations

12/20 GDPR ANNUAL REPORT 2019/20

The Clerk explained the number of breaches since GDPR came in and the themes occurring, including in relation to emails. It was explained that workplace posts are used to highlight themes and remind staff of the procedures to follow. An update was given on the refresher training in place in line with ICO recommendations and it was reported that there is currently 80% compliance. A spreadsheet has been provided detailing those staff yet to complete the training and the Clerk explained targeting follow ups. It was explained that there had been some issues with staff such as cleaners and access to IT Equipment to complete the training and it is hoped support will be put in place for this. The Working Group are continuing to meet to oversee data breaches, training and updating of the data audit spreadsheet. An update was given on the spoofed email and fake invoice which had been referred to the Lincolnshire Police Cyber Crime unit.

The Committee noted the report.

13/20 URGENT BUSINESS

There was no urgent business to consider.

The Committee asked for sight of the External Audit Plan and it was agreed to circulate this for information and consideration. The Committee gave their consent to delegate approval of the plan to the Chair on their behalf.

Action: plan to be sent to the Chair for approval on behalf of the Committee

14/20 DATE OF NEXT MEETING

The next meeting will be held on Thursday 10 December 2020 at 13.00 hours.

This will be a joint meeting with the Finance Committee to review the annual accounts.

The meeting closed at 19.00 hours.

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Chair Date

Action List

Actions from the Audit Committee Meeting held on 20 October 2020

Minute Number	Description	Action by	Target Date	Status/Note
3/20	Fraud, irregularity, impropriety and whistle blowing to be on each agenda	Clerk	All meetings	
6/20	Items flagged green to be removed from rolling report	Clerk	Following meeting	
	Directors, Heads and Leads to be invited as required	Clerk	As required	
9/20	Committee to feed into internal audit plan and final plan to be agreed at December meeting	All Clerk	Following meeting December meeting	
13/20	External Audit Plan to be circulated for approval by Chair	RSM	Following meeting	Complete