



MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD AT LINCOLN COLLEGE ON TUESDAY 9 OCTOBER 2018 AT 16.00 HOURS

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| Present: | Nick Cudmore Tim Godson Dean Graham Danielle Lister | Chair Vice Chair |
| In Attendance: | Sarah Adams Thomas Dannatt Claire Love Richard Lewis Wayne Brown Ian Wallace | Clerk to the Board of Corporation Group Director (Finance and Commercial) Group Financial Controller RSM UK Audit LLP Audit-One Audit-One |
| Apologies: | Mark Speed | |

1/18 APOLOGIES FOR ABSENCE

Apologies were received from Mark Speed.

2/18 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. Declarations of Interest were declared by both auditors firms in relation to item 8. It was agreed to move this item to the end of the agenda and ask the auditors to leave at that point.

3/18 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. Nick Cudmore had indicated he was happy to continue as Chair for the year. Tim Godson had been appointed as lay member and Vice Chair for the purposes of succession planning.

The Committee confirmed the appointments of Nick Cudmore and Tim Godson for the academic year 2018/19.

The Clerk explained that the Terms of Reference had been amended to reflect changes to the Post-16 Audit Code of Practice which replaced the Joint Audit Code of Practice in March 2018. Amendments had been made to the Delegation of Authority and to reflect that membership should not include staff members. The Committee approved the amendments.

Terms of Reference were approved as amended

4/18 MINUTES OF MEETING HELD ON 31 JULY 2018

The minutes of the meeting held on 31 July 2018 were checked for accuracy and matters arising.

GD(F&C) reported that the Risk Management forum was a Group rather than a Committee and asked therefore that this is amended. With this amendment the minutes were agreed as a true and accurate record and were signed accordingly.

5/18 MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS

An update was given on the position of ETS. This is being worked through currently and a note will be put in the annual reports. The Committee asked for an update on the number of students still outstanding to be brought to the next meeting.

Action: ETS outstanding student numbers to be brought to the next meeting.

It was explained that a Student Numbers Funding Audit is 95% complete and the report is awaited. This had gone well and there will be no clawback as a result of the audit at this stage of the review. It was asked that the report is circulated when available and audit opinion from ESFA noted.

Action: report to be circulated when available.

42/17 - Sickness cover. The Clerk gave an update and reported on the figures for cover, overtime and agency costs. The Committee noted the costs were relatively low. Any impact on the quality of teaching and learning was discussed and it was asked if there is a 'lost hours of learning' figure that could be gathered? It was responded that this should be able to be reported and would be followed up.

Action: 'lost hours' to be reported to next meeting.

There were no notifications of urgent business.

6/18 SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT

The Schedule had been updated prior to the meeting. This is a much slimmer document with 28 items currently and 5 flagged for removed. Of the remaining items the majority are not yet at completion date.

Richard Lewis highlighted that once received the student funding audit would need to be added to this document.

It was positive to see that advice had been sought from Eversheds in relation to the first two items and an update will be given on these following the year end audit. The input from RSM was welcomed. Richard Lewis explained that this will also look at the input from a tax perspective.

Subsidiary companies will be impacted as a result of implementing the changes. It was outlined that the current position is compliant but needs to be embedded so it runs through the year rather than being on a reconciliation basis at the year end point.

It was highlighted that the last position should be included in the end of year report as positive comments.

Approved: items can be removed that are flagged as green.

7/18 INTERNAL AUDIT REPORTS

a) GDPR

Wayne Brown gave an overview of the GDPR audit which included a lot of detail. The scope of the audit was outlined. It was felt that reasonable assurance opinion was appropriate and there were some inconsistencies and remedial work to take place. Responses have been provided and recommendations accepted.

It was noted that the focus was to draw attention to limitations and explained that the subsidiaries weren't looked at separately. There were 7 medium and 1 low priority recommendations.

Key recommendations were outlined as:

- 2.1 – Data audit spreadsheet – noted that some areas were not completed or included. There are some retention periods to be added. CCTV system needs to be added in. Due to complete by April 2019.
- Lawful basis for each example needs to be refreshed to ensure consistency.
- 2.2 – Third party processing – there are contracts in place and these need to be collected centrally for review.
- 2.3 – where consent is used this needs to be recorded on the spreadsheet but is currently only mentioned in one area. It is important to ensure that consent is renewed where needed.
- 2.4 – data sharing arrangements – an exercise is needed where data sharing is taking place to ensure agreements are kept centrally.
- 2.5, 2.6 and 2.7 – there is an overarching Data Protection Policy but not separate policies and it is suggested additional separate policies are created separately or more detail is included in the Data Protection Policy. There is a requirement to include additional detail on data erasure and retention.
- 2.8 – eLearning package – the training list is to be updated.

Discussion took place on the amount of work already carried out and it was recognised that this is a work in progress. Richard Lewis commented that this is a positive position given there were no high recommendations and only 8 in total. The level of assurance is similar to that above the across the sector and using benchmarking, the College is in a good position.

It was asked if there had been any breaches. The Clerk explained 3 minor breaches which had been dealt with in-house to the satisfaction of those involved. There has also been one breach considered to be of a level to be reported to the ICO a week earlier. This has been given a case number and a further response is awaited. It was noted that it would be unusual to not have any breaches in the organisation. It was suggested that a desk top review and testing is carried during the year which can be reported. It was explained that following the breach information was sent out to all staff email outlining what had occurred and reminding staff of how this could have been avoided using a 'lessons learnt' message.

b) Internal Audit Progress Report

It was reported that the final report has now been issued and the document outlined the audits taken place and the levels of assurance received. The internal audit for 2017/18 is now completed.

The Chair expressed the appreciation of the Committee to Audit-One for stepping in and completing the work.

The commitment shown and reports provided were welcomed and it was very positive to see that nothing had been deferred or postponed.

c) Internal Audit Annual Report 2017/18

Ian Wallace gave an overview of the report which summarised the work carried out. He reported on the quality of the follow up process. Assurance is good and it is reported the College in a good place. Work is creditable and action tracking and follow up in place is good. The Audit-One staff thanked the Chair for giving them the opportunity of working with the College and completing the audit plan.

Richard Lewis confirmed his agreement with the assurances given from the internal audit which was positive for the end of year report.

8/18 REGULARITY SELF ASSESSMENT QUESTIONNAIRE

Richard Lewis reported that the first part of the audit had been completed and the regularity audit questionnaire had been received in draft with no areas of concern. This will be the starting point for the work on regularity. The draft document will go through ELT. The interim audit is now complete and there are calls to be scheduled in.

9/18 BOARD ASSURANCE FRAMEWORK FEEDBACK

It was outlined that a follow up session is to be arranged in the new year. The Clerk will work to find a date in February. The Committee were asked to consider how they would like this to work. The benefit of using the framework can be seen and it is potentially an area that can be supported by internal audit. The follow up session will ensure that the package in place meets the requirements of the Committee. It was noted as an effective way to pull in the third party assurance, ie Ofsted, etc.

Action: arrange follow up in February.

10/18 RISK MANAGEMENT UPDATE AND RISK REGISTER

GD(F&C) explained the next meeting will be held in November. Internal audit have carried out a piece of work on risk management and the recommendations will be brought forward. Feedback will be given to the Audit Committee when the ELT deep dive has been completed.

11/18 HEALTH AND SAFETY UPDATE

It was reported that the Annual Report will come to the next meeting. This has been a busy year with external input looking at health and safety practices. The suite of policies is currently being reviewed.

Meetings had been held in February, April and June and the content of these will be fed into the annual report.

Dean Graham asked if health and well-being was being looked at within H&S. GD(F&C) responded that this is mainly being led by the Human Resources team but is also inter-linking with the H&S and Facilities team. Examples were given of increased parking spaces being made available.

12/18 URGENT BUSINESS

There was no urgent business to consider.

13/18 DATE OF NEXT MEETING

The next meeting will be held on Tuesday 4 December 2018 at 1600 hours.

14/18 APPOINTMENT OF INTERNAL AUDITORS

(Auditors left the meeting).

An evaluation had taken place of the 7 tenders put forward. Weightings were applied to sector experience, value added and price. Two firms have been shortlisted: Wylie and Bisset and Audit-One.

The next tender review meeting will be held on 1 November when both audit firms have been invited to present to the Audit Committee. It was agreed that the Chair and Vice Chair will represent the Committee.

The outcome will be reported back to the next meeting with a recommendation of appointment.

The meeting closed at 1700 hours.

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Chair

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Date