



MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD BY MS TEAMS ON TUESDAY 15 JUNE 2021 AT 15.00 HOURS

Present:	Tim Godson Lucy Goodier Dean Graham Peter Price Danielle Lister	Chair Vice Chair
In Attendance:	Sarah Adams Thomas Dannatt Paul Oxtoby Stephen Pringle Kevin Williams	Clerk to the Board of Corporation Group Director (Finance and Commercial) RSM UK Audit LLP Wylie & Bisset Director (Planning and Performance) for Curriculum Planning report only
Apologies:	Graham Gillespie Claire Love	Wylie & Bisset Group Head of Finance

47/20	APOLOGIES FOR ABSENCE Apologies were received from Graham Gillespie and Claire Love. Danielle Lister was welcomed back to the Committee.
48/20	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.
49/20	MINUTES OF THE MEETINGS HELD ON 23 FEBRUARY 2021 The minutes of the meeting held on 23 February 2021 were checked for accuracy and matters arising. The minutes were agreed as a true and accurate record and will be signed accordingly.
50/20	MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS There were no matters arising. GD(F&C) asked to raise an item of urgent business. Correspondence had been received from the ESFA yesterday to report back on.
51/20	FRAUD, IRREGULARITY, IMPROPRIETY AND WHISTLEBLOWING It was reported that an email had been received from an ex KSA member of staff which had not followed the correct process for reporting Whistleblowing but could be considered as such. The response from the ELT had been seen and the Committee noted this. There was nothing further to bring to the attention of the Committee.

52/20

SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT

The monitoring report had been circulated and discussion took place on some of the items that were not fully implemented as included on the follow up report. It was noted that some items on computer systems had been superseded. It was outlined that the cost effectiveness of implementing some of the items in relation to the IT systems may be prohibitive. The Committee would like to be kept abreast of what actions are being taken to address the recommendations that have been made in order to ensure that they have been appropriately dealt with. An update to the follow up report will be circulated following the meeting. The report was now noted as strong assurance with no recommendations. It was highlighted that 3 items have been superseded, 3 partially implemented and 21 fully implemented.

Action: The report will be updated and circulated to the Committee following the meeting.

Of the 19 items on the monitoring report there are currently 10 with completion due in the next few weeks coming up to the end of term.

The Committee approved the items marked in green for removal. It was asked if the dates set are realistic and it was felt they were.

The Committee recognised the good progress made.

It was confirmed that the new audit reports received by the Committee would now be added to the report for monitoring.

Action: Items flagged as green for removal

Action: Updated Follow Up Report to be circulated

Action: Monitoring Report to be updated following meeting and circulated with minutes

53/20

TOP LEVEL SCORECARD/RISK REGISTER

It was explained that the Risk Register is now on each Committee agenda item for discussion and is available via MS Teams as a 'live' document.

It has been agreed previously that for best practice, owners of risks should be challenged and held to account by the Committee. In line with this the GD(F&C) will provide an update on Ravendale for the Committee and consideration will be given to who to invite to the next meeting.

The GD(F&C) outlined that following two years of negotiations the Ravendale project is now nearing completion. The Planning Committee meet to consider the proposal on 30 June 2021. A pre-planning meeting was held with the Council Executive and Members three weeks ago, which included the standard objection from Sport England on the use of Green Spaces. All interested parties had been involved. The small use of green space to release funds to provide a better facility had been outlined. It is expected that contracts can be exchanged in the next few weeks resulting in a profiled cash receipt of £2.3m. Should planning not be approved in June there is the ability to appeal. A letter of support has been received from the Lincolnshire Football Association. It was asked if there had been any dialogue with Sport England and an update was given.

Further discussion took place on the scoring and the mitigation of the risk. The importance of the detail behind the register and ensuring that all mitigations are considered was highlighted.

	<p>It was explained that short videos are being produced to bring the risks to 'life' and it was asked that this is taken back to ELT as positive.</p> <p>It was explained that there will be 45 affordable houses built of the 72 in total.</p> <p>The Committee asked that Graham Harrison is invited to the next meeting in relation to IT.</p> <p>Action: Graham Harrison to be invited to the next meeting</p>
54/20	<p>INTERNAL AUDIT REPORTS</p> <p>All three reports had received Strong Assurance. There are two more audits taking place during July: Cost of Delivery and Financial Controls. The AEB report is being finalised.</p> <p><u>In-House Catering</u></p> <p>A summary of the report was provided. It was explained that generally in Colleges an in-house provision doesn't make much money and is often subsidised. Many Colleges therefore outsource the provision to take this risk away. During this review it was found there were a number of positives and the College's provision is impressive.</p> <p>Chartwells previously provided the Catering for a management fee. It was explained that there had been some negative press of this organisation recently.</p> <p>It is difficult with current Covid restrictions to see what profits can actually be made. There is some external hospitality and surpluses made via the Football Club. The current staff are being utilised. There is potential for increased surpluses. A professional approach is being taken and thought put in when the provision was brought in-house. Costings, staffing, etc were reviewed. Overall Strong with caveat that Covid has been considered. 11 areas of good practice and 2 low grade recommendations.</p> <p>The improvement in the provision was noted and the commercialisation and improving choice and quality for staff.</p> <p>It was noted that some of the figures don't add up on the report. It was explained the totals are correct but the gross profit incorrect and this will be updated and recirculated.</p> <p>Action: W&B to update and circulate</p> <p>[Kev Williams joined the meeting]</p> <p><u>Curriculum Planning</u></p> <p>The review undertaken was to ensure there are appropriate curriculum planning procedures in place and also considered the implications of Covid 19. A strong level of assurance was provided. There were 10 areas of good practice and no recommendations made.</p> <p>D(P&P) felt this was a fair review that had involved a number of staff to test the procedures and planning in place. It was explained that Performance and Quality Committee will be given an update on the changes to the curriculum. LEP priorities and EMSI data have been considered. There is a move away from qualifications and more to help support learners with their future ambitions and knowledge, skills and behaviours.</p>

Three years of data, achievement, applications and EMSI data is considered, ie do we get the applicants, the results and where do the learners then progress to. The Curriculum Teams set targets for achievement and then work with the Finance Team to set the budget.

The Committee asked what data is considered for future jobs combined with local demand. The D(P&P) responded this is the Labour Market Intelligence (EMSI) data as they also try to predict the future. Predictions are customer services but increasingly computer skills as there is more self-service in retail for example. This fits with the focus on knowledge, skills and behaviours.

It was noted that c.10% of courses have been added and how this is costed and also what discussions are undertaken to lead to decisions on removal of courses, given that some may have social implications, was queried. The Policing and Care Colleges were given as examples within the new provision and also a number of short courses. There is an approval and deletions Committee and ELT are also involved with these decisions. Trends may show a reduction in applications and the EMSI data show that there are not the jobs, if this is alongside low achievement then this would red flag these areas for discussion. Examples were also given at Gainsborough College.

The Committee noted the Mission of being employer led and asked how much dialogue there was with local employers. It was explained that feedback is taken on from the Chamber and other networks, ie construction and engineering. The Business Development Team and advisors who are out with local organisations also feed into the curriculum planning process.

[Kev Williams left the meeting]

Follow Up report

The updated report will be circulated following the meeting. Strong assurance has been provided. There are 21 fully implemented actions, 3 have been superseded and 3 partially implemented, 2 relating to Risk Management and 1 for follow up.

Disaster Recovery was discussed and confirmed this a superseded recommendation. The change management document has now been seen and implemented. Number 4 is partially implemented around disaster recovery implementation. There will only be 3 items carried forward from this year to next years report. The Committee will follow up in more detail on these as to the reasons for this.

The Committee noted that one of the superseded recommendations related to the timing for automatic locking of student computers due to inactivity. Currently this is set to two hours and the recommendation was for this to be reduced to half an hour. The College felt this was not practical for students in classrooms as it may cause disruption and had decided not to action this recommendation. It was explained how the IT auditor would have questioned the reasoning.

It was explained that Disaster Recover testing has not been carried out but there are plans in place. Due to the cyber incident last November the College has demonstrated its ability to deal with and recover from this type of scenario and therefore that the point raised on disaster recovery had been demonstrated to the auditor's satisfaction.

W&B confirmed they were happy to have these as superseded recommendations and the Committee agreed they would follow this up at the next meeting with the Group Director of IT.

55/20	EXTERNAL AUDIT PLAN 2020/21
	<p>There are a number of changes for this year. Two minor changes in auditing standards which will lead to a longer report relating to work on going concern and enhanced reporting of fraud and laws and regulations. In relation to going concern this already had enhanced work due to Covid so there won't be a substantial change.</p> <p>Laws and regulations refer to the significant ones that have an impact on College, ie safeguarding and data protection. Some discussion will be documented in more detail and there may be follow up requests for files.</p> <p>A significant change in the Audit Code of Practice [ACOP] is the removal of the provision of assurance by the ESFA to external auditors in respect of whether income recognised in the accounts from funding generated through the ILR is fairly stated. Previously auditors have relied on certification of the funding body. When the ACOP was released there was some surprise with its content. The increase in tolerance and clawback, including potentially in-year was discussed. ILR funding claims have to be free of misstatements. The consequence of this is that there will have to be additional audit work that has to be undertaken so that RSM can satisfy themselves that income in the accounts is materially correct. There will be additional fee cost due to the changes in the ACOP, RSM are currently unable to quantify this additional cost until their final audit approach has been determined internally.</p> <p>Fee proposal is an inflationary position with a one off fee in relation to acquisitions.</p> <p>The Committee felt the risks were standard risks to be included and asked for confirmation that this was the case. This was confirmed. There is an additional income recognition risk linked to Covid which is a change for this year.</p> <p>It was reported that over the last few months there had been the acquisitions of the Drill Hall and Human Alchemy, the takeover of a commercial Salon in the City Centre and the in-house 'Knowledge Ladder' which is it hoped to commercialise. This had involved a lot of work and due diligence. RSM were thanked for his support on these initiatives.</p> <p>The Committee agreed it is important to finalise the audit approach and share this when available. It was noted there would be an impact on the workload of the staff within the College.</p> <p>Consideration of Going Concern section is a very topical issue for all Colleges and there is the need to ensure that all Governors are aware of this and it was asked if this was similar in other sectors. It was responded that the going concern is a heightened area across the whole economy.</p>
56/20	NEW AUDIT CODE OF PRACTICE
	<p>This has been discussed during the previous agenda item. Page 13 of the Emerging Issues was highlighted as this outlines the changes in the ACOP. A point to consider is the requirement for external audit to present their findings to the Board, which may be as a joint meeting with Audit Committee.</p>
57/20	RISK MANAGEMENT UPDATE
	<p>It was reported that the Group had met earlier in the week. There were no new risks and a review of current risks had been carried out. One item of note was in relation to Christ's Hospital Terrace (CHT) Building which is mainly used by the Art Department and is a listed building. The issue around access given constraints of the building is to be revisited.</p>

	<p>The Board Assurance Framework was discussed. Each of the operational risks from 4Risk have been put into a report. The risk owners have been asked to add any assurances or mitigations and once this is complete this will be circulated to the Committee.</p> <p>The process had highlighted how many different lines of assurance can be used.</p> <p>RISK APPETITE STATEMENT PROGRESS</p> <p>This has been produced and discussed at ELT and Risk Management. Each of the strategic risk and objectives may need to be reviewed to set a risk appetite against each one. This will also come to Board when available.</p>
<p>58/20</p>	<p>HEALTH AND SAFETY UPDATE</p> <p>There have been no H&S Committee meetings held since the last report. The Committee next meets in July.</p> <p>It was explained there had been a ‘desk top’ health and safety visit in relation to Covid with only one small area of advice linked to cleaning of vehicles.</p> <p>There had been one complaint linked to out of date provisions in first aid kits and this had been rectified with no follow up required.</p> <p>Work is continuing with the external H&S support which is providing invaluable.</p>
<p>59/20</p>	<p>URGENT BUSINESS</p> <p>The GD(F&C) explained that correspondence had been received from the ESFA confirming the financial health for 2019/20 as Outstanding and also that the returns for the current year (2020/21) confirm this will be Good. The letter will be circulated. There is also dashboard information for the sector.</p> <p>Action: ESFA letter to be circulated</p> <p>The Chair asked about new projects and what process these go through in relation to viability and due diligence and how the risks have been mitigated.</p> <p>The GD(F&C) explained the process and gave The Drill Hall as an example. It was explained this is a free asset that has transferred to the College. Previous financial issues can be helped by economies of scale, ie the hospitality team being able to provide the catering. Access to capital grants is positive as the College has access to bidding for a number of these which may not have been available to The Drill Hall previously. Business plans are being put together with a number of events being put on. This is very much a community asset and has to remain as such but will also provide training for College students and be run as a commercial outlet. The Drill Hall staffing costs were high and income was reducing due to a number of reasons including Covid and reductions to revenue grant funding.</p> <p>The internal and External Auditors left the meeting</p>
<p>60/20</p>	<p>CONFIDENTIAL ITEMS</p> <p>Two confidential items were considered.</p>

62/20	DATE OF NEXT MEETING The next meeting will be held in the autumn term at a date to be arranged.
	The meeting closed at 16.49 hours.

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Chair

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Date