



MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD AT LINCOLN COLLEGE ON TUESDAY 5 MARCH 2019 AT 16.00 HOURS

Present:	Nick Cudmore Tim Godson Danielle Lister Mark Speed	Chair Vice Chair
In Attendance:	Sarah Adams Tom Dannatt Richard Lewis Graham Gillespie Stephen Pringle James Foster Mike Simpson	Clerk to the Board of Corporation Group Director (Finance and Commercial) RSM UK Audit LLP Wylie and Bisset Wylie and Bisset MD (International and Commercial) Governor
Apologies:	Dean Graham Claire Love	Group Financial Controller

30/18 APOLOGIES FOR ABSENCE

Apologies were received from Dean Graham and Claire Love. Mike Simpson joined the meeting as an observer.

31/18 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. No declarations of interest were made.

32/18 BUSINESS QUALIFICATION PROCESS (item taken out of agenda order)

The Chair explained that following discussion at a previous meeting a request had been made to review the process undertaken when decisions are made around commercial opportunities and the bidding process. James Foster, Managing Director (International and Commercial) had therefore been invited to the meeting to outline the process in more detail.

It was explained that this is a Lincoln College Group wide approach to business qualification and therefore covers both International business and UK Commercial. Within the process there are some points that must be complied with and some that are purely for guidance. It was explained that the Ansoff Matrix is used which identifies if new or existing markets are being looked at and also if this relates to existing or new products or is to diversify totally, with both new markets and new products. JF gave the example of LCFC being a new market with an existing product, the Career College as an existing market with a new product, ie product development, and the Escape Rooms which are a new market and new product. It was explained there are certain sign-offs that must be followed and that the chance of securing and winning deals is much higher when there is a good qualification process.

Qualification is not a single question it is a continual cycle and process with a number of points at which there is a 'yes/no' or 'go/stop'.

It was explained the process starts with a 'suspect' that is then qualified to a 'prospect' which may then become an 'offer' or a 'proposal'. JF explained the Business Development Risk Matrix which runs from Ivory to Platinum with different levels of sign-off required from Heads of Department up to Board of Corporation.

JF explained the opportunity canvas used which is a basic 'business plan' on a page. Target Account Selling (TAS 20) is then used and the four main areas considered including 'is there an opportunity' 'can we compete' 'can we win' and 'is it worth winning'. This is all considered as part of qualifying in or out.

Further detail relating to SWOT and win themes was given. Discussion took place on the level of bids being won. MSp asked if there were the same competitors and JF explained in KSA that often this is the case but also reported on Blind Spot Analysis which is carried out to look at new competitors. It was asked if analysis is carried out for those bids won or lost and how this is used for future and this was discussed. It was asked what level of business is qualified out. JF explained that in the international market a lot is disregarded and occasionally certain parts of a bid would be excluded. It was explained that the model is very flexible and can be used across the organisation. Currently the process is being used for the apprenticeship development.

JF welcomed any further questions and was thanked for his attendance and input.

Action: presentation to be circulated

33/18 MINUTES OF MEETING HELD ON 14 DECEMBER 2018

The minutes of the meeting held on 14 December 2018 were checked for accuracy and matters arising.

The minutes were agreed as a true and accurate record and were signed accordingly.

34/18 MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS

Discussion took place in relation to a follow up session to look at Risk and the Board Assurance Framework. RL explained that a session had been run in Leicester recently and a number of risks had been worked through by the attendees to show how risks feed into a framework. It was explained that it is hoped a pack will be produced that can be circulated as an example.

It was explained that the new Internal Auditors, Wylie and Bisset, will be asked to follow up on providing a suitable assurance framework and the GD(F&C) and Clerk will liaise with them to progress this.

All other actions had been completed.

35/18 SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT

The Schedule had been updated prior to the meeting. There are 18 outstanding items on the report of which 4 are flagged for removal. The GD(F&C) explained that item 3 relating to the Terms of Reference for Risk Management Group will remain until the final ToR are circulated to the Committee for approval. It was reported that good progress is being made.

Action: Final RMG ToR to be circulated.

Item 5 in relation to the costing model was discussed in detail. It was suggested that the item was now at a point that it should either be rewritten to ensure it was current or removed from the report. It was explained that the Committee were assured that costings were carried out appropriately and this was strengthened by the presentation received on the business qualification process in place. It was explained that costing is worked out depending on the project in question including what resources are being used. One off projects are looked at in a very specific granular way. More of a blanket cost is used when looking at apprenticeships for example and the actual staffing costs for curriculum. There are a number of different bases used depending on what is required. The Committee agreed to either reshape the question or agree that a blanket rate is not suitable. Following discussion it was agreed to remove this as an outstanding item as there were robust measures in place but that a piece of work would be requested of the internal auditors to assess the costing across all areas.

Action: internal audit to look at costing across all areas

MS asked for an update on item 6 relating to KPIs and the CRM. It was explained that there had been no further progress since the last meeting and that the CRM is still not being utilised fully. GD(F&C) will follow up on this as it is unclear whether the current system is to be used or whether a new system is to be brought in. The Chair asked for a report at the next meeting and also that the two issues of KPIs and CRM are separated out. It was agreed that Mark Taylor would be invited to attend the meeting.

Action: CRM/KPIs to be on the next agenda and Mark Taylor to attend

Action: Clerk to separate out the two items on the report

DL asked about item 1 and the cost sharing agreements which has an effective date of 2016. It was explained that this is correct and will be backdated. It was explained that legal advice has been taken and the transfer pricing agreement is to be signed off by ELT shortly.

The Committee was asked for approval for those items flagged as green to be removed. It was agreed to carry forward item 3 and remove items 5, 10, 12 and 17.

Approved: items noted to be removed from the report

36/18 DRAFT INTERNAL AUDIT STRATEGY 2018/19

The draft strategy had been circulated and it was explained that it reflects the views of the Committee, ELT and the External Auditors. The plan and scope, if agreed, will be developed and profiled to fit with the Auditors and College. There are 40 work days available. The areas were discussed and examples given of what would be included within the audits of Learner Journey and Safeguarding.

The Committee was asked if there were any areas missing and discussion took place. It was reported that a recent focus had been on financial areas and it was suitable that other areas are audited. The Chair proposed that once the detailed plan is received it is circulated for final agreement and this was agreed.

Discussion took place on amount of work required in the remainder of the Academic Year and it was suggested that the June meeting is moved or an additional meeting is arranged to receive the internal audit reports which was agreed. It was confirmed that as part of the scope the appropriate areas in the Risk Register would be used as part of the planning by the Audit Team.

The Committee agreed to also include a light touch financial review in some shape. It was agreed that Governance is key and Governor involvement, ie in learner records, is highly important.

Approved: Draft Strategy for 2018/19

Action: Detailed plan to be circulated for the Committee to review prior to commencement

37/18 RISK MANAGEMENT UPDATE

GD(F&C) explained the next Risk Management Group meeting will be held on Friday 22 March and that a deep dive by ELT is also to be carried out this term.

RL reported that the DfE had now issued the Further Education Bodies: Insolvency Guidance. RL offered to give a training session to the Committee or Main Board of Corporation should this be required. This would include an overview and awareness session with the key areas highlighted.

Action: GD(F&C) and Clerk to liaise with the CEO and Chair of Corporation on how to progress this

Action: Clerk to circulate document

38/18 HEALTH AND SAFETY UPDATE

The Health and Safety Committee had not met since the last meeting. They are scheduled to meet on 12 March and an update will be given to the next meeting.

39/18 URGENT BUSINESS

There was no urgent business to consider.

RL reported that the Post 16 Audit Code of Practice (ACOP) had been published. The main changes include additional guidance and procedures linked to fraud prevention and disclosures. It was agreed this would be an agenda item for the next meeting. It was explained that the Accounts Direction for 2018/19 has also been published with changes including the risk of intervention if accounts are not submitted on time to the ESFA, the early adoption of the updated accounting framework, the insolvency regime and substantial updating to additional reporting and transparency arrangements.

Action: Clerk to circulate Post 16 Audit Code of Practice for information and include on next agenda

Action: Clerk to circulate Accounts Direction for information

40/18 DATE OF NEXT MEETING

The next meeting is currently scheduled for Tuesday 18 June 2019 at 1600 hours, however it was suggested that this is moved to a later date to receive internal audit reports. Detail will be circulated when agreed.

The GD(F&C) reminded Committee members of the open invitation to Risk Management Group meetings.

The meeting closed at 16.57 hours.

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Chair

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Date

Action List

Actions from the Audit Committee Meeting held on 5 March 2019

Minute	Description	Action by	Target Date	Status/Note
32/18	Presentation to be circulated	Clerk	With minutes	
35/18	Final RMG ToR to be circulated	GD(F&C)	Following meeting	
	Costings to be looked at	Internal Audit	Within Audit cycle	
	CRM/KPIs to be on next agenda and Mark Taylor invited	Clerk	Next meeting	
	CRM/KPIs to be separated out on report	Clerk	Next meeting	
	Items flagged to be removed	Clerk	Following meeting	
36/18	Detailed plan to be circulated for approval	GD(F&C)	When complete	
37/18	Insolvency training session to be followed up	GD(F&C)/ Clerk	Following meeting	
	Insolvency Guidance to be circulated	Clerk	With minutes	
39/18	ACOP to be circulated and included on next agenda	Clerk	With minutes Next meeting	
	College Accounts Direction to be circulated	Clerk	With minutes	