



MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD AT LINCOLN COLLEGE ON THURSDAY 8 DECEMBER 2022 AT 13.00 HOURS

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

19/22	APOLOGIES FOR ABSENCE Apologies were received from Graham Gillespie.
20/22	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.
21/22	MINUTES OF THE MEETINGS HELD ON 1 NOVEMBER 2022 The minutes of the meeting held on 1 November 2022 were checked for accuracy and matters arising. In relation to The Drill it was asked if the sentence ‘The changes in bar staff that had not received training was explained’ was changed to ‘There had been several changes of bar staff and some had not been put forward for training.’ This was agreed. Following this amendment, the minutes were agreed as a true and accurate record and were signed accordingly.
22/22	MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS 3/22 – no training needs had been notified 8/22 – risk register had been updated 8/22 – risk owner attendance was discussed and it was suggested a good item might be in relation to apprentices and employer perception and therefore Kev Williams is to be invited. The Chair explained that a change of training provider for some of his apprentices has had to be made due to poor experiences from talent coaches. Action: invite Director (Planning and Performance) to February meeting

	<p>9/22 – levels of card/cash – it was explained that 94% of receipts are credit cards and therefore cash is a low proportion. It was asked if a change to ‘card’ only would have an impact. It was agreed this could be looked into as an option.</p> <p>Action: Head of Finance to follow up on card only payments</p> <p>10/22 – apprenticeship issues had been fed back</p> <p>There were no matters arising. The Chair asked to raise an item under urgent business.</p>
23/22	<p>FRAUD, IRREGULARITY, IMPROPRIETY AND WHISTLEBLOWING</p> <p>There was nothing to bring to the attention of the Committee.</p>
24/22	<p>SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT</p> <p>The monitoring report had been circulated and contains 14 recommendations. It was noted there were 3 new recommendations in relation to the Student Experience and Learner Voice report and 1 item highlighted for potential removal with the approval of the Committee.</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> <p>1/2 Risk Management – these items link together. They are beyond the implementation date but there is an action plan to address</p> <p>3/4/5 Implementation dates of December</p> <p>6 Flagged for removal – it was noted the new strategy has been created. Removal agreed</p> <p>All other items are yet to reach their implementation date. It was reiterated that should items not be completed, then the Committee will ask for reasons as to why not. The Committee want to ensure the Responsible Officers take ownership of their items. GD(F&C) suggested a quarantine report for items being removed. It was clarified that Internal Audit will follow up on all items, including those removed. The Committee asked the Clerk to ensure that when seeking updates it is made clear that the Audit Committee will expect Responsible Officers to come and explain the reason behind any non-completion, including why items are not able to be cleared and if there any barriers as to their clearance.</p> <p>It was noted that due to the ONS reclassification there may be changes to timescales for finance linked items such as those related to changes to Financial Regulations</p> <p>It was noted that the Theatre Manager at The Drill is leaving. There is a need to provide an update on progress on these actions as even if not complete it would be useful to know what has been progressed.</p>
25/22	<p>RISK REGISTER</p> <p>The Risk Register had been circulated to the Committee for information. A confidential discussion took place.</p> <p>Ravendale was discussed. There are a number of options being considered and a project appraisal being undertaken in January by an external organisation. DG asked if this had been refused planning. GD(F&C) explained it hadn’t been to Planning Committee but it had been advised that it would be refused if it went through planning.</p>

	<p>The Head of Finance raised ongoing issues with the new payroll system and queried if this needs to be added to the Risk Register. GD(F&C) will check on progress following the December payroll run. DG stated that if anyone was paid under the minimum wage, as a result of issues with the payroll system, this would be highlighted nationally. There have also been instances at some organisations where the taking of salary sacrifice has caused some employees to be paid below the minimum wage.</p> <p>Action: check to be carried out after December payroll run</p>
<p>26/22</p>	<p>INTERNAL AUDIT REPORTS</p> <p><u>Student Experience and Learner Voice Report</u></p> <p>The Chair highlighted that the report was very pleasing to read, particularly the positive comments on what the College does that other Colleges don't. Points of good practice were also commended and the detail on surveys which had been very informative.</p> <p>Overall conclusion of Strong. Key areas were highlighted including: student experience, policies and procedures, support services, student councils, etc.</p> <p>It was explained that more regular shorter student surveys are being undertaken. DG explained the results come to P&Q Committee. One area of weakness is the response to students and 'you said, we did' as if you ask students what has been done they don't always know. Sometimes responses go back at course or student level. There is a need to be able to clearly close the loop. The Chair highlighted the 40% response rates but understands there can be apathy towards taking surveys. It was felt this was a good response rate noting that often they are only completed if people want to complain. Incentivisation has been tried to encourage responses. The Clerk explained the staff health and wellbeing response rate which was c.48%. DG reported on response rates for HE learners. It was noted that this had increased by nearly 500 responses and it was asked why this had happened. It was explained it is now part of the Learner App which is integrated into the student dashboard. Peter Price also suggested lotteries might help.</p> <p>It was noted on the Mid Year Survey that there had been a decrease in scores against the previous year and it was asked if further analysis was carried out. It was explained that the audit was a 4 day review and therefore this detail wasn't potentially drilled down but this was fed back. DG explained P&Q Committee had looked at this and as the responses were on a 1 to 10 scale a small change made quite a difference. You can often see an individual course where there is a problem and the reason behind it, ie a teacher leaves or a room is changed. It was asked why the response was 1 to 10. DG stated this was national and also benchmarked therefore this can't be changed as it would result in a loss of this benchmarking. Other surveys are more useful and combination gives a good picture.</p> <p>DG reported on the recent HEAMR session and a 1 to 5 scale with a misunderstanding in which was highest and which was lowest – there may be benefit to using words or pictures.</p> <p>It was explained that the 2022/23 audit cycle has started this week, commencing with the Estates audit.</p>
<p>27/22</p>	<p>ONS AND STATUTORY ACCOUNTS SIGN OFF</p> <p>Paul Oxtoby provided an overview of the main changes following the ONS decision to reclassify Colleges with immediate effect.</p>

- Colleges will now need to seek consent for a number of things, including any new commercial debt. To be able to borrow money you will need consent from DfE and this includes overdrafts. It was explained that, if at the end of the financial year, one subsidiary had an overdraft of £31k and this had increased to £35k on 29 November this would be classed as a new debt even as part of an existing overdraft facility.
- CLBILS is £5m with currently £500k drawn down but it is now not possible to use this facility. Amendments are also included. If the College is in breach of a covenant it is possible to reset the financial covenant with a fee but it's not possible to change the terms of the loan. The Government want all borrowing to go through them as they get this at a very lower rate.
- Transactions for approval include anything classed as novel, contentious or repercussive. Not a lot of guidance is available currently but consent will be required for any of these transactions.
- It was confirmed that as well as the College itself, all subsidiaries are now public sector bodies.
- The Drill is insolvent at year end and this is usually covered off with a letter of comfort but this also now can't be done without consent. Relevant figures are 1% of College income or £45k. To sign off the subsidiaries currently there is a need to prove they can stand on their own without the support of the College.
- It was explained that the ESFA April to July core funding payments are going to be removed and paid in March to try to flatten the payment profile out to remove cashflow issues.
- For capital projects £150m is being put into the system and this is based on student numbers rather than according to need.
- In relation to Senior Pay consent is required for salaries over £150k and PRP over £17,500. The impact of pay rises has been raised but no response received as yet.
- An FE handbook has been promised. It is felt this will be based on MPM but might not be available until 2024.
- Consideration is also being given to moving the year end, ie to the end of March to match the fiscal year end.
- College accounts become part of the Government accounts and there will be differences between the accounting treatments.
- Most important is Going Concern. Financial forecasts may need to remove KSA and facilities, etc. Contracts may fall under novel and contentious. There is a lot of consultation required as to what can be done going forward. UK audit is fine for standard FE but there are issues due to the levels of commercial and other activities.

It was asked if grants with clawback are considered facilities. PO explained they would remain as a grant.

It was asked how long approvals might take and it was explained it is not clear who will answer this as yet. GD(F&C) explained there is a meeting with ESFA next week which may provide some answers.

Stephen Pringle reported on the experience of the Colleges in Scotland. It was explained that a number of Colleges will not have been impacted due to low commercial activity.

It was asked what the driver for the change was. It was explained ONS decide who is in the public sector and who isn't. DfE can't go and ask the question. ONS can just review and decide. Further background was provided.

It was asked if this was expected. It was explained that it was likely but the immediate implementation was not expected.

	<p>It was explained that the year end figures will be shared with the Board next week but it is not possible to complete the going concern statements to enable filing on deadline. It was recognised that this is a sector wide issue and there may be other Colleges in the same situation. A communication is to be sent to the Board.</p> <p>The importance of filing being correct was highlighted rather than filing on time with possible issues.</p> <p>DG highlighted raising the issue nationally that the decision has resulted in a lack of going concern. The Chair felt that an extension should have been given as was the case during covid and it was asked if this might be the case. The current response from ESFA is that there won't be any extensions as a matter of policy. Colleges have been asked to try to file even if accounts may need later modification rather than delay. It was felt that 75% may still be filed and the only late ones will be those that are more complex. What would be the impact of late filing was queried and it was explained the only process is intervention. Examples were given of other Colleges that have or might file late and it was explained there have been no repercussions to date.</p> <p>Discussion took place on risk appetite and the difference between UK and KSA in particular.</p>
28/22	<p>EXTERNAL AUDIT FINDINGS REPORT</p> <p>The report is not yet available, key points were outlined:</p> <ul style="list-style-type: none"> • Pension scheme - LGPS – asset of £1.7m as the College has control of the surplus. • KSA Tax position – took advantage of tax amnesty so all liabilities have been paid. This will be an upside in the accounts due to release of provision. This is currently still open awaiting correspondence. • If ONS issues are dealt with then will be a clean, unmodified audit. • Onsite audit is complete with just a few final items to be concluded. <p>It might be that following discussion with the ESFA an extension may be given to the end of January.</p>
29/22	<p>ANNUAL REPORT OF THE AUDIT COMMITTEE 2021/22</p> <p>The Clerk explained that the internal audit section of the report is completed and the external audit section will be added as soon as the External Audit Findings Report is available.</p>
30/22	<p>REGULARITY SELF ASSESSMENT QUESTIONNAIRE</p> <p>The Regularity SAQ had been circulated to the Committee and was taken as read. Questions were welcomed in relation to the College responses.</p> <p>GD(F&C) highlighted the external governance review and that this is being considered as part of the Governance Working Group. The Clerk explained that this is a requirement in either 2022/23 or 2023/24.</p>
29/22	<p>HEALTH AND SAFETY</p> <p>Nothing to report and no meetings held since the last meeting.</p>
30/22	<p>RISK MANAGEMENT</p> <p>Nothing to report and no meetings held. The next meeting is scheduled for January.</p>

31/22	<p>URGENT BUSINESS</p> <p>This item was minuted as a confidential item due to commercial sensitivity.</p>
32/22	<p>DATE OF NEXT MEETING</p> <p>Date of Next Meeting: the next meeting will be held on Tuesday 21 February at 15.00 hours</p>
	<p>The meeting closed at 15.20 hours.</p>

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Chair

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Date