



**MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT AND RISK COMMITTEE  
HELD AT LINCOLN COLLEGE ON TUESDAY 25 JUNE 2024 AT 1500 HOURS**

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| <b>Present:</b>       | Tim Godson<br>Chris Jones<br>Peter Price   | Chair  |
| <b>In Attendance:</b> | Sarah Adams<br>Jo Lynch<br>Andy MacLean<br>Stephen Pringle<br>Paul Oxtoby<br>Graham Harrison | Governance Officer<br>Chief Finance and Compliance Officer<br>Group Financial Accountant<br>Wylie & Bisset LLP (via Teams)<br>RSM UK Audit LLP (via Teams)<br>Chief Information Officer (Item 57 only) |
| <b>Apologies:</b>     | Graham Gillespie<br>Helen Barton   | Wylie & Bisset LLP<br>Associate Member   |

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| <b>51/23</b> | <b>APOLOGIES FOR ABSENCE</b><br><br>Apologies were received from Graham Gillespie and Helen Barton.   |
| <b>52/23</b> | <b>ELIGIBILITY, QUORUM AND DECLARATIONS OF INTEREST</b><br><br>It was reported by the Governance Officer 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.  |
| <b>53/23</b> | <b>MINUTES OF THE MEETINGS HELD ON 5 MARCH 2024</b><br><br>The minutes of the meeting held on 5 March 2024 were checked for accuracy and matters arising. The minutes were agreed as a true and accurate record and were signed accordingly.  |
| <b>54/23</b> | <b>MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS</b><br><br>The action points from the last meeting were reviewed:<br><br>42/23 – JL explained that apprenticeship sample checks are to be put in place and this will be part of audit follow up. PO reported that a formal ESFA funding audit is to take place. JL is liaising with external audit but it was highlighted that the ESFA funding audit may not be complete in time to feed into the financial statements audit. It was noted that Audit look for risks and ESFA look for errors. Should errors be found there will be more testing carried out. The issue currently is timing for feeding in to year end audit sign off. Contact has been made with Mazars by the Group Head of Information Services.<br>42/23 – training for GLT was discussed. It was explained that this is working well in the SLT as part of coaching and mentoring. SLT minutes can be shared if A&RC require these as evidence of what is taking place.<br>42/23 – the audit tracker will be taken to the GLT meetings. It was highlighted that of key importance to highlight is where items are remaining on the tracker for a number of |

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|       | <p>months that the reasons behind this are made clear. It was explained that a GLT sponsor is to be added to the tracker.</p> <p><b>Action: GLT member to be added</b></p> <p>48/24 – it was agreed that the BAF would be reviewed and updated during the summer break and brought to the Committee in the Autumn Term.</p> <p><b>Action: JL to update BAF for Autumn meeting</b></p> <p>JL asked to raise an item of urgent business as a confidential item and this was agreed.</p>  |
| 55/23 | <p><b>FRAUD, IRREGULARITY, IMPROPRIETY AND WHISTLEBLOWING</b></p> <p>There was nothing to bring to the attention of the Committee.</p>   |
| 56/23 | <p><b>SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT</b></p> <p>The monitoring report had been circulated. It was noted there were 15 items and 7 items highlighted for potential removal with the approval of the Committee.</p> <p>1 – 3 – Procurement – follow up audit on procurement is to commence in July with the new finance team now in place. JL reported on the new T&amp;Cs with suppliers and the scrutiny of each purchase order above £10k to ensure these are correct and reasonable with all the supporting documents attached. It was explained that cashflow has improved due to the changes made. A process has been put in place whereby the Finance Committee approve any tender above £100k; detail includes the framework, tender, scoring, recommendations, etc. CJ asked, noting the strategy was drafted prior to JL taking up post, if this met expectations. JL confirmed it did and that this would also be mapped against the strategy.</p> <p><b>Action: JL to map procurement processes against policy</b></p> <p>TG asked if the changes to supplier T&amp;Cs had caused any issues. It was explained one company had not been happy to meet these and therefore this supplier has been changed. Another firm is the main IT supplier and they have been worked with to come to an agreement. It was explained that suppliers are given to 10<sup>th</sup> of the month to submit invoices for payment at the end of the month.</p> <p>SP reported in relation to another College whereby when an invoice is raised it is paid the following month but that public body payment regulations are within 30 days, so therefore this may be a breach of regulations. Discussion took place on what risk this would be to not pay an invoice within 30 days. SP advised that payment terms included in the policy should be considered as to whether they make it clear that payment may not be until the following month.</p> <p><b>It was agreed that all three items can be removed</b> and any items that need to be picked up will be done through the follow up audit. It was agreed that the policy would not be amended currently.</p> <p>It was asked if the Procurement Strategy was finalised and this was confirmed. It is part of the Procurement and Tendering Policy and has been signed off at Board.</p> <p>It was asked if there was a preferred suppliers list and this was also confirmed. C.70% of the suppliers have now been removed from the list.</p> |

SP asked what the procurement process would be for internal audit provision and it was explained this would be discussed outside the meeting.

4 – the budget process that has been undertaken was explained. The budget for 2024/25 is to be considered by the Finance Committee on Wednesday 26 June 2024. It was explained that the College policies as a whole are updated over the summer and at this point the flowchart will be added to the Financial Regulations and this item brought for removal at the next meeting.

5 – 6 – the Payroll Policy will be approved at Finance Committee in July. It was explained a new system has been put in place for tracking laptops. Discussion took place on College laptops and equipment. It was highlighted that the recommendation is for a clear policy and procedure which does not appear to have been put in place. TG confirmed that the new software is in place for the purpose of location tracking for laptops. Further discussion took place on the processes in place for retrieval of College property. It was agreed that this would go back to GLT and JL would liaise with ML

**Action: JL to speak to ML**

7 – 8 – Stock control. Key holder list is now in place and a stock control process. JL explained a spreadsheet is in place which shows the person and the area for which they are responsible. It was explained that a policy template has been requested. It was agreed that the detail on what is in place should be added to item 8 prior to removal

**Action: template to be provided by internal audit**

**Action: update tracker to show further detail prior to removal**

9 – Overall Financial Controls – Financial Regulations. Discussion took place on the processes in place to ensure that all staff have actually read the documents and follow the policies – **remove**.

10 – Human Resources – new process has been put in place – **remove**

11 – 13 – GDPR. It was explained that a new Staff Development Officer has been appointed in People Services. The Staff Development Officer is being liaised with to update the figures on non-completion of appropriate training as it was highlighted that at the point of this report the requirement for Governors to complete GDPR training had only just been introduced. This will be monitored. Reminders are also to be built into the Access system. A DPIA form has been put in place. It was highlighted that data cannot be accessed without prior oversight by the CIO or Head of IS. The completion of the relevant document has also been communicated through SLT. The current Data Audit Spreadsheet will be circulated to all areas of the College for review and update over the summer and any areas of non-compliance will be added to a tracker for action. It was noted that no areas of non-compliance were raised during the audit. All items should be flagged for removal in the Autumn.

14 – 15 – Estates – an update had been provided as part of the follow-up review – **remove**

It was explained that a Health and Safety audit had just been completed. This will be added to the tracker and included on the agenda in the Autumn Term.

**Action: Add Health and Safety Report to tracker and include on Autumn agenda**

[Graham Harrison joined the meeting]

**57/23 STRATEGIC RISK REGISTER**

The Strategic Risk Register had been circulated to the Committee for information.

Item 4 – has increased as semester one payment not yet been received.

Item 7 – ITQAN contract also increased as not yet been received.

Item 11 – capital has moved from red to amber. It was explained that a capital plan has been put in place. There is to be a dividend from KSA that will be invested in the UK.

Item 16 – T Levels – it was noted that the incorrect mitigation was included in the spreadsheet. An explanation was given of the uptake of T Levels – moving from c.50 to c.300 learners and that there is the need to invest in what is required to support them through, ie assessments. There is currently not the infrastructure in place to deliver T Levels. It was explained T Levels have high entry requirements which may be a barrier to some young people. Old qualifications are being defunded so there is the need to move to the new qualifications. The requirements were explained including involvement of filming, practicals and IT support. Resources have been ring fenced for staff and a working group set up.

It was also noted that some of the figures were incorrect and also the shading on item 13.

**Action: JL to amend mitigation on item, figures after mitigation on items 11, 15 and 16 and shading on 13**

Graham Harrison explained that in 2020 the College was subject to a cyber attack which resulted in a loss of access for 21 days. In place prior to this were a number of safeguards including firewalls, user names and passwords, bans on USB removable drives, etc. Following the attack KryptoKloud was partnered with for additional monitoring including 24 hour and Advanced Threat Protection which monitors types of behaviour. Remote Access has also been removed from students and is only provided by exception. Overseas access is also restricted and Multi Factor Authentication is in place. This is compliant with Cyber Essentials which was in place at the time of the attack but it was not enough to prevent the attack. there has been the introduction of an annual Halo penetration test which is high standard testing. Microsoft Intune is now required for any staff to have access from their own devices. All these safeguards make bypassing systems and procedures more difficult. Also introduced recently is TopSec which quarantines emails that it finds may cause damage. GH explained CTI (cyber threat intelligence) that scans the dark web for discussions about what is happening. GH felt the College was in a strong position compared to the rest of the sector. It was highlighted that suggested spend on cyber security is 3% to 5% of turnover. There are a number of other issues that the Halo penetration test triggers that could be looked at but this would perhaps require an individual specialist staff member. The risk can never be reduced to zero. It may be in future than multi factor authentication is required for students which could prove too challenging for some students. There will be a balance between putting MFA in place for students or not doing so.

CJ felt there had been a fantastic job done by the College and that the risk could be updated to reflect all the good work carried out that makes the risk lower despite the impact being high. It was explained it is difficult to quantify the risk and GH explained a scenario where there may be an attack which has slow growth across all back ups, for example, which could result in a number of months out of action as this would render back-ups useless.

It was asked if there was anything that was required to help mitigate the risk and if there were any more resources required. GH responded that currently there was nothing additional needed. For an FE College a good job is already being done. It is currently not felt that a specialist member of staff is required.

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|              | <p>The meeting agreed there was more that could be included on the work that has already been done and that perhaps the risk could move from Treat to Tolerate and this was discussed. GH agreed to update the risk to include more of the actions that have taken place so that it is more current than backward focused.</p> <p><b>Action: GH to update risk</b></p> <p>[GH left the meeting]</p>   |
| <b>58/23</b> | <p><b>CHIEF FINANCE AND COMPLIANCE OFFICER REPORT</b></p> <p>The CFCO report had been circulated and was taken as read.</p> <p>Clarification was requested in relation to credit notes and invoices being deemed to be 'illegal'. It was explained that was due to specific wording and these have now been reissued, an example was provided of a hotel invoice which just needed a change of wording.</p> <p>It was agreed to add to the commentary that the ESFA funding audit may impact the closure of the financial year end.</p> <p><b>Action: JL to highlight potential impact of funding audit</b></p>                               |
| <b>59/23</b> | <p><b>INTERNAL AUDIT REPORTS</b></p> <p><u>Follow Up Review</u></p> <p>The report had been circulated and was taken as read. There was an overall conclusion of a 'Substantial level of assurance', the details of the report had been discussed as part of the outstanding audit recommendations report.</p> <p>It was asked that when the latest position column is updated on the audit tracker that the response is specific to the recommendations raised and this was agreed.</p> <p><b>Action: ensure actions and comments are specific to recommendations</b></p>   |
| <b>60/23</b> | <p><b>EXTERNAL AUDIT PLAN</b></p> <p>The External Audit Plan had been circulated. This will be updated as required. The following was highlighted:</p> <ul style="list-style-type: none"> <li>• Process and timetable.</li> <li>• Material Misstatement.</li> <li>• Significant or high risks.</li> <li>• Management override; journal entries</li> <li>• ESFA funding linked to apprenticeships.</li> <li>• Pension scheme: currently as asset rather than a liability.</li> <li>• Going Concern: noting no borrowing.</li> <li>• International operations ie LCI.</li> <li>• Reclassification</li> <li>• Fees and Independence .</li> </ul> |
| <b>61/23</b> | <p><b>BOARD ASSURANCE FRAMEWORK</b></p> <p>It was noted that the Board Assurance Framework would come to the Committee in October.</p>  |

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|              | JL reported on discussion at Board in relation to risk appetites and that LCI Board would not use a risk appetite but would view everything as a risk individually and separately. All items should sit in isolation. It was felt that the risk appetite was not being used for any particular purpose.   |
| <b>62/23</b> | <b>CYCLE OF BUSINESS</b><br><br>The cycle of business had been circulated for information.  |
| <b>63/23</b> | <b>HEALTH AND SAFETY</b><br><br><u>Health and Safety Committee Minutes – 24 April 2024</u><br><br>The minutes of the meeting held on 24 April 2024 had been circulated for information. No questions were raised.<br><br>It was asked if there would be another meeting held as it was not included on the minutes.<br><br><b>Action: check if a further H&amp;S Committee is to be held</b><br><br><b>Post Meeting Note: the meetings are scheduled to recommence in September</b> |
| <b>64/23</b> | <b>RISK MANAGEMENT</b><br><br><u>Risk Management Group Minutes – 25 March 2024 and 7 May 2024</u><br><br>The minutes of the meetings held on 25 March 2004 and 7 May 2024 had been circulated for information. Meetings are taking place regularly and the process is embedded across the College.  |
| <b>65/23</b> | <b>SICKNESS ABSENCE FIGURES</b><br><br>The sickness absence figures had been circulated for information. It was explained that a table had been put together with comparison over the last four years noting that overall figures remain static at 8 working days lost and 3% lost time percentage. The figures will be circulated for information.<br><br><b>Action: circulate comparison sickness figures</b>   |
| <b>66/23</b> | <b>URGENT BUSINESS</b><br><br>The Auditors left the meeting for a confidential item to be discussed.  |
| <b>67/23</b> | <b>DATE OF NEXT MEETING</b><br><br>Date of Next Meeting: the next meeting will be held in the Autumn Term at a date to be arranged.   |
|              | <b>The meeting closed at 1720 hours.</b>  |

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Chair

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Date