

**MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT AND RISK COMMITTEE
HELD ON TUESDAY 23 JUNE 2026 AT 1500 HOURS**

Present:	Tim Godson Peter Price Helen Barton Michael Lewis	Chair (on Teams) (on Teams)
In Attendance:	Cheryl Maxwell Jo Lynch Sarah Mason Amy Baggaley	Governance Officer Chief Finance and Compliance Officer RSM UK Audit LLP Procurement and Compliance Officer
Apologies:	Chris Jones	

51/25 RSM UPDATES

Sarah Mason was welcomed to her first meeting and thanked for the updates received on the External Audit Plan and Emerging Issues, both of which were taken as read.

SM noted that with regard to the external audit plan, planning meetings have been held and the timetable agreed, pre year end work and planning will be undertaken in July / August, with fieldwork in September / October and reporting in November / December. Final sign off will be on 8 December at the planned Board meeting with filing taking place prior to Christmas.

No significant changes were noted although DfE are now reporting as being interested in Severance and SPH pay so this will be a focus moving forward. Income and regularity experience, as well as the ILR, will also be reviewed as part of the income testing work.

Management override will be considered to ensure that the Finance Team are working to plan and journals and processes will be reviewed.

Income recognition will also be reviewed by a specialist team to check this is being recognised in the correct period, with any clawbacks (if any) being dealt with appropriately, for both DfE and non DfE funding.

International operations group reporting instructions will also be requested and amalgamated with what should be undertaken.

Finally, pension scheme, including the asset position, will also be checked.

TG queried if we have the same standard audit risks as with most other colleges and SM noted that this is the case with the exception of international operations, as well as various trading aspects which again differs from other colleges.

JL queried the materiality level based on the previous year noting the increase due to lag funding by 12% in the previous year and queried whether this will change. SM confirmed that this will be the case and should increase although some changes with methodology will also be undertaken.

The Emerging Issues report had been circulated for information and was taken as read, noting the top three prevalent emerging risk as:

- Geo-political change and instability
- Cyber attacks increasing in frequency and complexity
- Artificial intelligence (AI) governance lag

With regard to the AI, it was noted that this should not just be used within teaching but by all staff, ensuring this is being appropriately safeguarded against and as part of our risk register.

It was highlighted that leases next year will go on the balance sheet as a right of use asset therefore fixed assets will rise and this will in turn affect the balance sheet and depreciation line. Therefore, financial statements will look difference as comparative data cannot be amended. It was suggested that additional info may be required in the front end of the accounts to show how figures compare and look different.

JL confirmed that works are being undertaken on leases currently with the largest lease being Aviva which is already on the balance sheet due to the long term nature and the significant amount. Budget numbers do reflect this enabling the target to be more achievable.

JL thanked RSM for the information received to date to assist with these changes.

A discussion was held around the funding audit reviews and that data will be collected at the end of March each year moving forward to show where the public sector estate is overall. Whether this will eventually move college year ends to March as well is yet to be seen but could potentially cause issues if so. JL confirmed that Lincoln College have been involved in the pilot of this data in March and as long as year end is not moved to 31 March then processes will continue as is.

TG queried what is now required to be undertaken with the emerging issues document and whether this has gone to other committees such as Finance and Performance and Quality. It was agreed that it would be advantageous for this to be shared with all Governors and be added to the next Board agenda for information.

TG queried if all Board members know sufficient information about the ILRs due to the focus now being placed on this and funding. It was agreed that the significance of the ILR should be a focus at a future training session with members. JL confirmed that it has been previously agreed by Finance Committee that videos would be undertaken on the different types of funding etc and shared with members for reviewing as well as being used as part of the onboarding of any new members. JL highlighted that the responsibility of the ILR does cover a span of different internal areas although CIS are the first line of defence and ensure that relevant information is captured for each record.

ML noted that the audit report last year showed various issues to address although it is hard to know which of these are critical. SM noted apprenticeship funding as being the most complicated hence why RSM use specialist advisors to assist with this aspect of any audit.

TG noted that previously any errors as reported in the audit were due to human error, which does occur, but consideration needs to be given on which of these errors are fundamental.

Actions: RSM Emerging Issues report to be shared as a paper at the next Board meeting for information.

52/25	APOLOGIES FOR ABSENCE Apologies for absence were received from Chris Jones.
53/25	ELIGIBILITY, QUORUM AND DECLARATIONS OF INTEREST 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.
54/25	MINUTES OF THE MEETINGS HELD ON 10 MARCH 2026 The minutes of the meeting held on 10 March 2026 was checked for accuracy and they were agreed as a true and accurate record and were signed accordingly.
55/25	MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS The actions of the previous meeting were reviewed as follows: 40/25 Compliance Statement: This was duly amended and shared with papers for information. AB confirmed that talks are ongoing with YPO to tender for food and drink with this now being finalised to confirm spend per category to enable a tender process to be undertaken. TG queried the process for knowing whether or not food is being used once bought and JL confirmed that as part of the Failure to Prevent Fraud this was considered with regards to missing stock. A monthly stocktake is now undertaken which is also validated although this process could still be improved upon. Remove 41/25 Safeguarding Survey: This survey has now been undertaken and any actions arising added to the Safeguarding Audit Plan for reviewing and actioning on a regular basis. Remove 41/25 Audit Spot Checks: TG queried if we are happy with the coverage of these spot checks and JL confirmed that she will take this as an action to ensure that regular spot checks are being undertaken and these are not just a one off. Ongoing 41/25 UKVI Audit: Confirmed that the audit has been RAG rated and shared for information. Remove 41/25 Dashboard: TG and JL to refine this further over the summer to allow this to be added in readiness for next academic year. JL to arrange a meeting with TG. Ongoing KSA Reliance on UK: JL noted that this meeting was not required due to the PPP element now being removed from budget and therefore no reliance on this being achieved to reach Good. Remove All other actions were noted as being complete. There were no notifications of urgent business.
56/25	FRAUD, IRREGULARITY, IMPROPRIETY AND WHISTLEBLOWING There were no issues to note.
57/25	SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT The monitoring report had been circulated and was taken as read.

It was confirmed that there are currently 29 recommendations with 24 being requested to be closed and that any carry forwards now relate to UVKI as all recommendations on safeguarding and external audit have been closed.

JL reiterated that as previously agreed, spot checks will be conducted on the ILR recommendations to satisfy members that these are being undertaken correctly this academic year and will not resurface during the next audit. SM confirmed that auditors are already working behind the scenes on the next audit.

With regard to the UKVI recommendations, various were noted as being requested to close with set dates highlighted for those remaining. Progress was noted as being good with deadlines either being met or a note made as to why this has not been the case. TG highlighted that all high risk recommendations need to be completed by their relevant deadlines.

CM to ascertain from RL who will oversee these risks going forward due to his change of job role.

Members agreed to remove the requested 24 recommendations as noted within the report, leaving 5 outstanding.

Action: CM to ascertain from RL who will oversee the UKVI risks moving forward.

[Graham Harrison kindly joined the meeting]

The JISC IT Health Check report had also been circulated and was taken as read. It was noted to be disappointing that end dates have been pushed back against those noted as amber due to diverting resources to assist with cyber due to the recent attacks on educational institutions.

GH gave an update on the recent Canvas attack as well as that at the University of Nottingham, noting that both were by the same group. It was noted that if all staff had a staff laptop then this would give better protection against this type of attack but capital is now not readily available to move this forward as quickly as hoped. Works are being undertaken on analysing staff who log on frequently remotely, currently at approx. 200 as they have the potential to be targeted in the first instance by hackers. To combat this it will be ensured they have the right tech.

Furthermore it was confirmed that processes have now been changed with regard to password changes and hopefully this will assist with the current round of cyber attacks. GH reported that Governors are in the key group that could be convinced to act in this way by an external hacker. Consideration is being given to a phishing trial on this through Cybershadows.

JL confirmed that the residual risk on cyber has been increased due to these recent attacks. ML queried how we could safeguard against an attack and GH noted that we need to consider vulnerability as quick as possible and by continuing to speak with Cybershadows and consider their recommendations based on the financial element is key.

GH confirmed that of the lower level recommendations, 20 are completed with 4 in progress and 2 accepted, although the higher level recommendations as distributed does unfortunately show not as good a picture.

It was noted that works are being outsourced to assist with MS365 vulnerabilities and providing guidance to enable the team to undertake the works. Global delivery times for

	hardware is currently an issue although it is envisaged this will be undertaken by 31 July 2025. Disaster recovery cannot commence until the backup works have been done which may mean that this deadline slips. GH highlighted again that there were no critical threats noted in the original report and that some of the initial recommendations will be accepted with a note recorded as to why this is the case. Next year it has been requested that a penetration test be undertaken as part of internal audit. Thanks were given for the updates received.
58/25	STRATEGIC PLANS The Digital and Sustainability Plans objectives had been circulated for information and were taken as read. These were discussed as follows. <u>Digital Plan</u> TG queried why mobile working solution was noted as red and GH confirmed that this has been achieved for 25/26 but is showing red due to pairing back the capital investment next year and therefore the objective will not be achieved by the end of next year. Therefore if you consider this objective for this year then it was confirmed that this has been met, but this will not be met for next year. Classroom modernisation was queried noting there is monies left to spend this year, with funds next year being reduced and therefore the objective again not being met. GH noted that 30% will be outstanding by the end of next year due to each classroom costing approx. £2,500 and therefore the objective will not be met next year due to lack of funds. It was confirmed that most spaces do now have a TV screen as opposed to a projector. Furthermore it was noted that prices will not be known until August when the purchasing of the next round of equipment takes place. <i>[Graham Harrison left the meeting]</i> <u>Sustainability Plan</u> JL confirmed that feasibility has now been undertaken on PV with potential funding being available from FECCA in 2026/27. A full site review is currently being undertaken. It was also reported that Salix 4 procurement has now been carried out, noting that this will cost £500k more than originally anticipated. GLT have therefore proposed that this is not undertaken going forward with monies being spent elsewhere. TG queried the table noted with regard to waste management and it was confirmed that this reflects how much recycling is undertaken, with figures dropping in May noting it was been queried as to why this is the case to enable this to be better understood. AB meets with the contractor monthly to review how waste management can be improved upon and to ensure that KPIs noted in the contract are being met. TG queried the cycle to work and EV objective and why this had dropped to red. It was agreed that TG will raise this direct with CS outside the meeting to gain a better understanding on this. It was felt that the electrical cycle to work scheme has now been confirmed.

	As an aside JL reported that the energy contract is currently being reviewed and this is looking more likely to move towards going green as opposed to using brown energy. Action: TG to speak with CS outside the meeting on the cycle to work and EV objective dropping to red.
59/25	STRATEGIC RISK REGISTER The Strategic Risk Register had been circulated to the Committee and was taken as read. JL queried if members did not agree with any risks as noted and TG queried E&M as this remains the same and that the PPP investment shows that dates are slipping. JL confirmed that the E&M risk has been split and that PPP is unfortunately out of our control but is tolerated. PPP has now been removed from budget and the control amended in light of this. ML queried if there was a risk with the loan facility and JL confirmed that nothing can commence on this until the bid is actually received. Cashflow currently shows the loan facility as not being required until November 2027 but consideration will be required on whether to continue with a bid without confirmation of this loan facility. It was confirmed that learner attendance has reduced as the quality aspect is now not being impacted. Cyber has increased but being tolerated and treated with as much funds as available. The reason this has increased is due to being out of our control. ADI has now moved to a new risk under BAU from Strategic due to the relationship improving and learners now enrolled and receiving payments when required. The BAU risk register had also been circulated and was taken as read with the following points being discussed. TG noted that the long term contract of ITQAN feeds into LCI as oversight committee and queried if this should also feed into Finance Committee. It was noted that Finance Committee are made aware of this even though this is not on their specific risk register report. An update was given on Boston College with regard to the merger and acquisition risk. It as confirmed that weekly testing is now being undertaken on the security and lockdown risk and that a full test evacuation is planned on Friday. TG queried the explanation under the controls element of the non achievement of budget and it was confirmed that this highlights the technical support charge contribution. The impact of such has been reduced due to non achievement of this budget and receiving a CFFR of Good. TG queried if the procurement non compliance was around Failure to Prevent Fraud and JL confirmed that this is highlighted to ensure that goods are not purchased with confirmation. It was noted that further information is required on BAU 21 and BAU 22 due to ADI risks being split.

	TG will meet with AB again post their visit to RSM on Friday to continue working through these risks in depth. It was highlighted that CJ raised a concern at the last meeting around the impact of these risks and it was felt that these are now being considered and will continue to be reviewed as they are updated. The process was highlighted noting that AB meets with the risk owners to ascertain the current position and whether or not there is any slippage prior to meeting with JL to review in advance of JL's meeting with ML and subsequently GLT for a final review. Previous actions are now showing on the report to enable members to see the full story behind each and AB noted that whenever a score is changed this required a reason to be added to leave a footprint. Controls are then linked to the BAF and is how this report is then produced. Action: AB to add further info to BAU 21 and 22.
60/25	INTERNAL AUDIT REPORTS JL noted that the Financial Key Internals Controls report has only just been received with responses now being undertaken prior to sharing with GLT and subsequently this committee. The quote on the FTP is still awaiting and will be circulated when readily available. JL reported that we have received confirmation from Assured Partners that they will fully fund a £5k H&S Audit next year and this will be added to the internal audit tracker in due course. Action: Financial Key Internal Controls audit report to be circulated once received. FTP audit quote to be circulated once received.
61/25	CHIEF FINANCE AND COMPLIANCE OFFICER REPORT The CFCO report had been circulated for information and was taken as read. TG queried the issue of not meeting budget and why this was the case. JL noted that this was due to funding issues predominately as there had been a clawback on T Level funding which was not anticipated; BD target had not been fully met although there is still more to come through including DTEC and gap post savings were not fully met. However savings were made on the non pay to offset some of these issues. TG queried why it had been decided to take on a new banking partner and JL confirmed that current bankers had not progressed a request regarding improvements on automation and the new bankers offer better interest rates and have an automated cashflow system. TG highlighted that the overview of changes to the Risk Register were helpful to see within this report and queried if internal audits could be spread out through the year next year to assist with the recommendations reviewed by this committee. This will be considered when audits are set. Action: Consider spreading out internal audits next year to assist with the audit rolling recommendations report

62/25	CONTINUATION OF COMMITTEE A report had been circulated noting the Chair's thoughts on the continuation of this committee and this was taken as read. This had arisen as a recommendation from the External Board Review to consider all committee meetings to ensure they remain fit for purpose and meetings are set at appropriate points of the academic year. It was confirmed that this committee is working well and is effective. TG raised that his term of office will expire at the end of next academic year therefore queried if anyone would like to takeover as Chair next academic year to enable TG to assist them in settling into the role prior to his departure. Action: Members to consider taking over as Chair of this committee next academic year if they so wished.
63/25	SICKNESS ABSENCE FIGURES An update on figures for this academic year had been circulated for information and were taken as read.
64/25	RISK MANAGEMENT UPDATE <u>RM Group Minutes – 2 June 2026</u> The Risk Management Group Minutes of 2 June 2026 had been circulated and were noted by the Committee. <u>Board Assurance Framework Update</u> The BAF had been circulated for information and was taken read. <u>Failure to Prevent Fraud</u> The FTP had been circulated for information and was taken was read. <u>Business Continuity Plan</u> JL noted that works have been ongoing with the policy being updated. This will be circulated to members as a new policy and matrix moving forward once finalised. JL noted that an internal audit of this may be undertaken next year to ensure this is fit for purpose. Action: BCP to be shared with members when available.
65/25	HEALTH AND SAFETY <u>H&S Group Minutes – 11 June 2026</u> The Health and Safety Group Minutes of 11 June 2026 had been circulated and were noted by the Committee.
66/25	REVIEW OF RISK REGISTER This was considered whilst matters were being discussed under each agenda items with no new information to note.

67/25	URGENT BUSINESS
	There were no items of urgent business.
68/25	DATE OF NEXT MEETING
	Date of Next Meeting: To be arranged next academic year.
	The meeting closed at 1702 hours.

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Chair

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Date

Action List
Actions from the Audit and Risk Committee Meeting held on 10 March 2026

Minute Number	Description	Action by	Target Date	Status/Note
41/25	CIS to undertake spot checks on ILR audit rolling recommendations	JL / AB	Ongoing	Ongoing spot check to be undertaken by AB
	Meet to discuss further how to capture rolling audit recommendation data on the Dashboard	JL / TG	By next meeting	Ongoing – JL to set meeting date

Action List
Actions from the Audit and Risk Committee Meeting held on 23 June 2026

Minute Number	Description	Action by	Target Date	Status/Note
51/25	Emerging Issues report to be added to Board agenda for information	CM	July 2026	Completed
57/25	Ascertain who will oversee the UKVI recommendations moving forward	CM	ASAP	
58/25	Speak with CS offline to ascertain why the cycle to work and EV objective has moved to red	TG	ASAP	
59/25	Further info required on BAU 21 and 22	AB	ASAP	
60/25	Financial Key Internal Controls audit report to be shared when available	JL	When available	Completed
	FTP audit quote to be circulated once received	JL	When available	
61/25	Consider spreading out internal audits next academic year to assist with the rolling recommendations report	JL	Next academic year	
62/25	Consideration to be given on a new Chair for next academic year due	Members	By next meeting	

	to TG's term of office expiring at the end of next year			
64/25	BCP to be shared with members when readily available	JL	When available	