

MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD AT LINCOLN COLLEGE ON TUESDAY 27 JUNE 2023 AT 15.00 HOURS

Present:	Tim Godson Lucy Goodier Peter Price	Chair Vice Chair (via Teams)
In Attendance:	Sarah Adams Thomas Dannatt Graham Gillespie Becky Hamer Mark Locking	Clerk to the Board of Corporation Group Director (Finance and Commercial) Wylie & Bisset (via Teams) Executive Support Officer Principal and CEO
Apologies:	Stephen Pringle Paul Oxtoby Dean Graham	Wylie & Bisset RSM UK Audit LLP

47/22	APOLOGIES FOR ABSENCE Apologies were received from Dean Graham, Stephen Pringle and Paul Oxtoby. Mark Locking and Becky Hamer joined the meeting.
48/22	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.
49/22	MINUTES OF THE MEETINGS HELD ON 21 FEBRUARY 2023 The minutes of the meeting held on 21 February 2023 were checked for accuracy and matters arising. The minutes were agreed as a true and accurate record and were signed accordingly.
50/22	MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS 25/22 – the Chair asked for an update on the Teacher Pensions and payroll system. It was explained that the system is now operational, there are still a few issues but on the whole problems are resolved. It was asked if there were any implications related to underpayments. It was explained the issue was not related to payments but more the recording system. There has been manual input required to ensure records are correct. 38/22 – there has not been an ELT date arranged 38/22 – DM not required to be invited 38/22 – Audit Recommendations had been refreshed and circulated 38/22 – Student Council themes are being taken to HE and P&Q Committees 38/22 – Implementation dates not yet reviewed 38/22 – items removed 42/22 – BAF on agenda 45/22 – ACOP review on agenda

	There were no further matters arising. The Chair asked to raise an item under urgent business.
51/22	<p>FRAUD, IRREGULARITY, IMPROPRIETY AND WHISTLEBLOWING</p> <p>There was nothing to bring to the attention of the Committee.</p>
52/22	<p>SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT</p> <p>The Committee remains frustrated that some of the Audit Recommendations remain uncleared, this is not doubting that efforts are being made to clear them, but they keep rolling on from one meeting to the next. It was noted that where no response is received for a particular Audit Recommendation then the Committee have agreed to invite the responsible officer to attend the Committee to provide an update. Whilst the responsibility for the Audit Recommendations rests with the Audit Committee it was requested that the ELT also review the document to satisfy themselves that all outstanding matters are being addressed. An example was given of the Risk Management Audit recommendations which were outstanding from 2019/20.</p> <p>It was noted that of the recommendations currently on the report that two related to 2019/20, three from 2021/22 and 9 from the current 2022/23 year.</p> <p>The monitoring report had been circulated and contains 14 recommendations. It was noted there were 2 new recommendations in relation to the Apprentices Audit report and 2 items 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 again highlighted.</p> <p>1/2 Risk Management – Risk Appetite completed for College Board and also LCI. The Risk Management Strategy will come to the next meeting for approval and recommended removal.</p> <p>3 It was noted that the CRM has been cleansed and a post appointed to taking this forward – agreed remove</p> <p>4 Student Experience – benchmarking was discussed. GG reported this was a low risk and would recommend that this can be removed if as much that can be done has been completed. It was reported that shorter, sharper student surveys are being carried out in the College now which is resulting in more relevant and appropriate feedback – agreed remove</p> <p>5 Student Council – agreed remove</p> <p>6/7 Procurement – a staff member is in post and undertaking qualifications</p> <p>8/9 CFCO is to be added as additional responsible officer Procurement training is still to be rolled out to staff – ML will pick up 6, 7, 8 and 9 with the new CFCO</p> <p>It was highlighted that these issues may compound due to Managing Public Money (MPM) and need to be in place.</p> <p>10 A process is in place and is being tested currently. This will be in place prior to the next meeting</p> <p>11 Q3 is ready to send out</p> <p>12 It was confirmed that this is complete and ongoing – agreed remove</p> <p>13/14 Newly added and to be discussed as part of the later agenda item</p>

53/22	<p>RISK REGISTER</p> <p>The Risk Register had been circulated to the Committee for information. It was noted there has been movement since the last report.</p> <p>It was asked how the Committee can track where risks have moved up and down and it was suggested that a variance or movement column is added. It was explained that ELT review the risks and agree any movement.</p> <p>BH explained she could produce a report similar to that of the operational risk register and this was discussed. It was felt that Board should be kept up to date on the movements and what the ELT reasoning for the change to be provided. It was also agreed that the variance column includes where there are any new risks added. The importance of discussion at Board was highlighted and bringing the document to life.</p> <p>Action: include major risk on CEO report and prompt discussion on any movements/highlights</p>
54/22	<p>PERFORMANCE BONDS – confidential</p> <p>This item was minuted confidentially.</p>
55/22	<p>INTERNAL AUDIT REPORTS</p> <p><u>Apprentices</u></p> <p>The report had been circulated. Overall strong insurance. Apprentices are a high risk from a funding perspective so this level of assurance is positive.</p> <p>Questions had been sent out to 37 employers and 20 responses received. There were two low recommendations made and several areas of good practice. The recommendations were outlined. Both have been accepted.</p> <p>The Chair asked as the implementation date for the second recommendation on obtaining signed contracts is 'ongoing' as per the Audit Recommendations Schedule, how can this ever be completed, flagged as green and removed from the rolling list in future. GG reported that this would, on a sample basis, be considered on follow up audits and a recommendation for potential removal made at that point depending on outcome. The Committee were reminded that the ESFA would do 100% testing. It was asked what the implication would be if the ESFA did an audit and found there were contracts not in place. It was explained this would depend on how many missing documents were found by the ESFA and the subsequent discussion with the College. It was explained the impact would be clawback. It was asked therefore if 'low' is appropriate for the risk rating. GG explained that 25 out of 27 was considered to be low level. It was explained this should always be a priority.</p> <p>It was asked how much notice had been given for an ESFA audit. It was explained when the ESFA audit had taken place a week's notice was given.</p> <p>It was reported that if there had been more contracts missing then the sample would have been extended.</p> <p>The number of areas of best practice was noted and the team should be congratulated as this gives good assurance to the Committee.</p>

	<p>Audits for Payroll, HR, Stock Control and Overall Financial Processes should have already taken place but had been postponed for various reasons. It was noted that there has not been enough internal audit work completed so far this year so as to provide assurance that an unmodified annual audit report could be given. It was explained this is a capacity issue.</p> <p>There is also the potential to impact on the external audit. It was asked what the minimum number of audits should be. It was confirmed that currently there is not sufficient coverage to give an overall view with only two audits having been completed. Ideally four or five should be completed and it was considered by the Committee that the audit of Overall Financial Controls included in the 2022-23 Internal Audit plan, agreed at the 1 November 2022 Committee meeting, must be undertaken this year due to all the staff changeovers that have taken place. It was agreed that the appropriate level of work could be carried out in July and August.</p> <p>Action: ML to follow up with HR and Finance on when audits can be put in place</p> <p>It was agreed that another area could be pulled into the cycle as an alternative with the agreement of the Committee to ensure the appropriate amount of work has been completed to ensure there has been sufficient coverage.</p> <p>Action: meeting with BH/GG Action: GG to document where audits have rolled forward and take these to the meeting</p> <p>It was asked if the Committee need to review any of the additional reports prior to them being included in the Annual Report. It was confirmed that the reports could come to the Autumn Committee together with the draft Annual Report.</p> <p>It was suggested the overall plan is reviewed to ensure the topics are appropriate, including where audit have seen issues in the sector.</p>
56/22	<p>STATUTORY ACCOUNTS SIGN OFF – PROGRESS UPDATE</p> <p>An update was provided on the current position. Still outstanding are letters of comfort, some technical points and also going concern. External Audit would like to see evidence of a contract in place in KSA. This is currently in draft form but subject to a bond. The budget for 2023/24 also needs to be completed and this is to go to ELT this week. Longer term cashflow is also an area to be considered. There is an improved budget position for 2023/24 which shows that all fixed costs can be paid. There is a filing extension until the end of July. It was asked how many Colleges have not yet filed and it was explained this is currently thought to be 7.</p> <p>Paul Oxtoby is working directly with the DfE to assist with resolving the letters.</p> <p>ELT and the Finance Team are fully up to date on what is required for end of year filing.</p>
57/22	<p>EXTERNAL AUDIT PLAN</p> <p>The Clerk reported that she had spoken to Paul Oxtoby in relation to the External Audit Plan and he advised that the intention was to conclude on the work for the last year prior to producing an audit plan for the current year. Once produced this will be circulated to the Committee.</p>

58/22

BOARD ASSURANCE FRAMEWORK MODEL

The current Board Assurance Framework had been circulated. The Chair asked what the document is trying to achieve and this was discussed.

It was explained there is no template but different examples had been reviewed to produce the document. This gives assurance that key strategic risks have various lines of defence. The level is based on the actual numbers but is just to document what is being done. A direction of travel might be to include more of the work carried out internally to mitigate risks and provide assurance.

Discussion took place on the overall ratings and the engagement of students in Governance used as an example. The Committee felt that a low number in this case was appropriate and good assurance. Discussion took place on what levels the Committee should expect. It was noted that the Assurance Appetite column needs to be populated and this considered alongside the lines of defence.

The Committee felt the document was very helpful and asked that it continues to be developed and be discussed by the Board as a whole. It was asked if the document should be a standing item for the Committee to consider. It was explained the document is updated on a termly basis and it was agreed that it should be a standing item on the agenda.

Action: include BAF as a standing item on the agenda

Action: Assurance Appetite column to be completed

It was asked if there was any assistance that could be provided to the Committee on assessing and agreeing the assurance appetite.

Discussion took place on the IT risks and particularly the lack of enhanced backups for 365 data. It was explained that the Risk Management Reports will pick up these issues.

The Committee welcomed the BAF as a very good start.

59/22

REVIEW AGAINST ACOP

The Chair had carried out a review of the ACOP and raised the following:

- Subcontracting – it was explained there is now no subcontracting at all.
- The requirements of the Audit Committee and also the composition of the Committee. It was noted there are a number of Board members coming to the end of their terms of office and therefore this is a risk to be included on the risk register
- Whistleblowing Policy was discussed and it was agreed to include the policy with the Terms of Reference of the Committee

Action: Public Interest Disclosure Policy to be appended to ToR

The Chair asked that the Government Publication ‘Scope of work of Audit Committees and Internal Auditors in College Corporations’ was reviewed by the Committee as a helpful document. It was agreed the link to the document would be shared.

Action: Clerk to share link

[The scope of work of audit committees and internal auditors in college corporations - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

	<p>Discussion took place on ESG (environmental, social, governance) and highlighted that this was coming to the forefront.</p>
60/22	<p>SICKNESS ABSENCE FIGURES</p> <p>The sickness figures for 1 April 2022 to 31 March 2023 had been circulated for information.</p> <p>It was asked if this was felt to be high and if a three year comparison could be provided so that the Committee could review this.</p> <p>Action: last three years data to be circulated to show if there are any trends</p>
61/22	<p>HEALTH AND SAFETY</p> <p><u>Health and Safety Committee Minutes – 18 May 2023</u></p> <p>The draft minutes of the H&S Committee had been circulated for information. There had been good attendance throughout the year. Questions were welcomed. It was asked how many defibrillators there were on campus and if this was considered to be enough. It was also asked if it was common knowledge as to where the defibrillators were located.</p> <p>Action: number to be checked and detail circulated</p>
62/22	<p>RISK MANAGEMENT</p> <p><u>Risk Management Report – June 2023</u></p> <p>BH explained the report goes to Risk Management, ELT and Audit based on the operational risks. New risk opened linked to AI and malpractice. A policy has been put in place.</p> <p>BH was requested to carry out some benchmarking on the risk categories. Changes to risks and Critical Risks were highlighted.</p> <p>The Chair highlighted that the working capital facilities risk had come down and this was linked to working capital facilities not being allowable under MPM. This links to a new risk. It was asked if the risks were at expected levels. BH stated they were at the correct scoring levels. Each risk owner is to be met over the summer and an annual risk review completed.</p> <p>The Committee agreed this was a helpful document.</p> <p>It was asked what the axis figures relate to and it was explained this is the risk matrix which is a 5 x 5. China was given as an example as this is at 20 and is linked to a staffing risk.</p> <p><u>Risk Management Group Minutes – 26 April 2023</u></p> <p>The draft minutes of the Risk Management Group held on 26 April 2023 had been circulated for information. The Committee had been well attended during the year. Questions were welcomed. The Chair asked about 7.23/05 and benchmarking for terms of reference and this was explained.</p> <p>It was confirmed there is now full cover for Fire Marshals and First Aiders.</p>

63/22	<p>URGENT BUSINESS</p> <p>The Auditors left the meeting for a confidential item to be discussed.</p>
64/22	<p>DATE OF NEXT MEETING</p> <p>Date of Next Meeting: the next meeting will be held in the Autumn Term at a date to be agreed.</p> <p>The Chair thanked Tom Dannatt and also Dean Graham for their input, support and insights during their time on the Audit Committee.</p>
	<p>The meeting closed at 17.29 hours.</p>

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Chair

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Date