



**MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD AT LINCOLN COLLEGE ON TUESDAY 31 OCTOBER 2023 AT 15.00 HOURS**

<b>Present:</b>	Tim Godson Lucy Goodier Helen Barton Chris Jones Peter Price	Chair Vice Chair Associate Member  (via Teams)
<b>In Attendance:</b>	Sarah Adams Jo Lynch Andy MacLean Stephen Pringle Paul Oxtoby	Clerk to the Board of Corporation Chief Finance and Compliance Officer Group Financial Accountant Wylie & Bisset (via Teams) RSM UK Audit LLP
<b>Apologies:</b>	Graham Gillespie	Wylie & Bisset

<b>1/23</b>	<b>APOLOGIES FOR ABSENCE</b>  Apologies were received from Graham Gillespie. Stephen Pringle and Peter Price joined the meeting via teams. The members introduced themselves.
<b>2/23</b>	<b>ELIGIBILITY, QUORUM AND DECLARATIONS OF INTEREST</b>  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.
<b>3/23</b>	<b>APPOINTMENT OF CHAIR AND VICE CHAIR AND TERMS OF REFERENCE</b>  The Clerk reported that, in accordance with the Standing Orders, the Chair and Vice Chair of the Committee should be appointed on an annual basis.  The Committee were asked to approve the appointment of Tim Godson as Chair and Lucy Goodier as Vice Chair for the academic year and this was fully supported.  The Terms of Reference (ToR) had been updated following the publication of the Post-16 Audit Code of Practice. Some additional amendments were made to the ToR which will be amended and circulated. Following amendment, the Committee adopted the ToR.  It was asked if the Committee could be renamed Audit and Risk Committee. It was agreed to take this proposal to Board for approval and ratification of this change in title.  <b>Action: to raise at Board for ratification</b>
<b>4/23</b>	<b>MINUTES OF THE MEETINGS HELD ON 27 JUNE 2023</b>  The minutes of the meeting held on 27 June 2023 were checked for accuracy and matters arising.

	<p>59/22 – the Public Interest Disclosure Policy will be circulated with the amended ToR 60/22 – sickness figures to be followed up and circulated</p> <p><b>Action: Clerk to follow up on both items</b></p> <p>The minutes were agreed as a true and accurate record and were signed accordingly.</p>
5/23	<p><b>MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS</b></p> <p>There were no matters arising or notifications of urgent business.</p>
6/23	<p><b>FRAUD, IRREGULARITY, IMPROPRIETY AND WHISTLEBLOWING</b></p> <p>There was nothing to bring to the attention of the Committee.</p>
7/23	<p><b>SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT</b></p> <p>The monitoring report had been circulated. It was noted there were 19 new recommendations following recent reports and 1 item highlighted for potential removal with the approval of the Committee.</p> <p>The Chair explained how the report works for the benefit of the new committee members and how items are added and removed. If there are items that remain on the register the Committee invites the risk owner to come along and explain and discuss any specific reasons that there has not been timely action.</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 The Risk appetite has been complete – <b>remove</b>  2 Discussed – it was asked if there is a draft strategy? It was agreed to review this. It was considered that as a different approach is being taken it may be that this supersedes the recommendation – <b>review</b>  3, 4, 5, 6 Procurement Officer is in place. A procurement policy and strategy has been drafted including tendering. Working with RSM who provide procurement updates to keep up with legislation. The systems, people and processes are being looked at and accruals included. Suppliers are being reached out to with the aim for a monthly pay run. It was asked when the items would be cleared if there was anything preventing the items being addressed and cleared. JL gave an update and explained that the items will be cleared by the end of the year – <b>amend implementation date</b>  W&amp;B agreed that these are all still low grade points  7 There have been changes to the budget setting – <b>remain until complete</b>  8 It was explained budget holders are now receiving monthly management accounts – <b>remove</b>  9 Implementation date now end of November – <b>to follow up for next meeting</b>  10 No response had been received – <b>to follow up</b>  11 Fixed asset register – update provided to see if there is a different system that can be used. More regular updates are being carried out. AM explained lists are circulated to budget holders and checks are being carried out. External Audit are to validate. Discussion took place on depreciation.  12 Budget holders should review the file before it is paid and additional steps are being put in place. This was due to onboarding of a new staff member.  13 Unallocated banking has now been reviewed – <b>remain until year end</b></p>

14-20	<p>Issues arising from the funding income audit. This exercise is currently being carried out as part of audit and it will be reviewed if any items have not been rectified.</p> <p>The CFCO gave an overview of the apprenticeships process particularly in relation to 16-19 year olds. The need is to ensure the MIS system is up to date. PDSATs was explained. CIS are documenting the changes being made since this audit. The importance of ensuring any changes in legislation or requirements are communicated and therefore fully up to date with all the teams was highlighted. It was stressed that the rules are very complex. The balance between low income and the risk of clawback due to errors was discussed. Discussion took place on whether the Committee accepts these risks as due to the nature of the rules it may be that these will never be 100% accurate. It was explained a meeting is to be held next to discuss where the control sits ie Ops, Quality or CIS and put any training required in place. Feedback will be provided to the Committee.</p> <p><b>Action: JL to share CIS process changes and update the Committee</b></p>
8/23	<p><b>OPERATIONAL AND STRATEGIC RISK REGISTER</b></p> <p>The Operational and Strategic Risk Registers had been circulated to the Committee for information. It was explained that a software system called 4Risk is used for operational risks and a spreadsheet is used for the Strategic Risk Register. The two systems currently use different scoring of 4 x 4 and 5 x 5. JL reported on a meeting of the Risk Management Group and the recommendation that the Strategic Risks are moved into the Operational register to avoid duplication. Currently the two registers are separate.</p> <p>It was explained that a GLT sponsor is to be added to the 4Risk system to ensure these are progressed as required.</p> <p>JL asked what the Committee would prefer to receive at the meeting. It was agreed that JL would look to combine the Operational and Strategic Risk Registers into one document.</p> <p><b>Action: JL to look to combine the Risk Registers into one document</b></p> <p>Discussion took place on the movements in the Strategic Risk Register and the level of detail required. It was asked that the document is more time critical, ie if it mentions training has taken place there should be a date included.</p> <p>The Committee also outlined their intention to invite other risk owners to present on the relevant mitigations in place if required.</p> <p>The Committee were asked if those items in green could be recommended to Board for removal. Discussion took place on AEB item 15 in particular.</p> <p>It was also asked if any date could be included as to when items might move to amber following mitigation or similar and this will be added.</p> <p><b>Action: add dates of changes</b></p> <p>The Committee felt the document was quite hard to read and it was asked if there was any way of making these easier. It was noted that key risks will be pulled out into the covering reports, including the one for Board.</p>

	<p>It was agreed to not circulate the 4Risk register to the Committee but include any items to be brought to the attention of the Committee in the CFCO report.</p> <p><b>Action: CFCO report to include any 4Risk items that need to be brought to the attention of the Committee</b></p> <p>It was asked if the Governors could attend Risk Management Group meetings and it was agreed they were very welcome to attend if they wished to.</p> <p><b>Action: dates of Risk Management Group meetings to be circulated.</b></p>
9/23	<p><b>PERFORMANCE BONDS – confidential</b></p> <p>The reason for bonding was explained to the Committee. It was explained that when the College was reclassified there was no borrowing allowed and bonds could fall into this category. Permission has now been given for bonds to be in place. A new bond has just been arranged for the ADI contract with NatWest.</p> <p>The colleges being run in KSA and the issue in relation to contracts between September 2022 and August 2023 was explained. It was reported that the contract for 2023/24 is now signed and in place. How the funding was being taken into account was outlined.</p> <p>It was explained that a capital loan has been requested through DfE in relation to the ASI build at Newark.</p>
10/23	<p><b>BOARD ASSURANCE FRAMEWORK</b></p> <p>It was explained that due to staff changes this had not been updated. It will be brought to the next meeting.</p> <p><b>Action: BAF to be brought to the next meeting</b></p>
11/23	<p><b>CHIEF FINANCE AND COMPLIANCE OFFICER REPORT</b></p> <p>The Chief Finance and Compliance Officer’s report had been circulated to the Committee and was taken as read. The following was highlighted:</p> <ul style="list-style-type: none"> <li>• ITQAN contract</li> <li>• Potential Ofsted inspection</li> <li>• New Deputy Principal appointed</li> <li>• Student recruitment figures are up by 8%</li> <li>• HE recruitment is lower</li> </ul> <p>It had been noted through HE AMR there was no specific marketing for HE so perhaps the reason for lower recruitment might be linked to a lack of specific advertising or the current marketing not being effective. However, as part of the mitigation some additional funding had been approved to do this in October 2023. It had also been highlighted that HE students have no specific common room/learning area and are mixing with the main college cohort. The Committee asked how to feed this back and JL will feed this into the GLT.</p> <p><b>Action: JL to feed back</b></p> <p>The Boston Hub legal claim was explained to the Committee.</p>

<p><b>12/23</b></p>	<p><b>INTERNAL AUDIT REPORTS</b></p> <p>It was explained that three internal audits had been carried out over the summer. The reports on two were circulated:</p> <p><u>Stock Control</u></p> <p>Overall conclusion of Strong. The assignment plans and areas covered were outlined. Two low grade recommendations were explained. Both have been accepted with implementation dates of December 2023.</p> <p>[Peter Price and Lucy Goodier left the meeting]</p> <p><u>Payroll</u></p> <p>Overall conclusion of Substantial. There was one medium grade recommendation and one low recommendation. It was noted there had been issues earlier in the year but none of these were found during this audit. Discussion took place on retrieval of resources and it was explained this is anything that might belong to the staff. It was explained that access to IT is removed immediately and the recommendation links mainly to processes.</p> <p>It was explained that an audit was also carried out on the Quality Improvement Plan but this report has not yet been accepted and finalised.</p> <p>It was asked if internal audit were now on track to have completed enough audit work to enable audit opinions to be provided and this was confirmed that this was now on track.</p>
<p><b>13/23</b></p>	<p><b>INTERNAL AUDIT PLAN 2023/24</b></p> <p>The areas to be audited in 2023/24 were highlighted and the reasons for these being chosen was discussed. It was explained that bringing in auditors in for specialist areas, ie safeguarding and IT, had been discussed with the internal auditors. Procurement is to be revisited as there is a lot of work to do in this area. Governance is currently being reviewed as part of an external Board Review.</p> <p>The Chair asked the auditors if there were any areas not currently on the schedule that should be looked at with their experience of issues in the sector. SP explained that overall financial controls had been delayed and procurement has a lot of risk, HR and GDPR have not been covered for some time. SP explained they have carried out Safeguarding audits previously and IT audits which has been covered more recently and therefore the areas included are ones that would be expected to be on the plan at this point.</p> <p>The Committee accepted the Internal Audit Plan as presented and this will be recommended to Board.</p> <p><b>Approved: The Committee accepted the plan as circulated for approval by Board</b></p>
<p><b>14/23</b></p>	<p><b>EXTERNAL AUDIT PLAN 2022/23</b></p> <p>The Audit Plan had been circulated and was taken as read. It was noted the audit for 2022 was only signed off in August 2023. External audit is underway and the funding audit is already complete. KSA auditors are also been liaised with and their working papers are reviewed as part of the overall process.</p>

	<p>The subsidiaries were outlined and the relevant materiality. The timeline was outlined to meet the 31 December filing deadline.</p> <p>Key risks and how these are worked through was explained including Significant Risks, Higher Risks and Other Risks. The key risks of Income Recognition, Management Override, Going Concern, International Operations and Pensions were noted. It was explained that the College has an amount on the balance sheet in relation to the Local Government Pension scheme. It was explained that pension liabilities, due to accounting standards, has now moved to an asset and discussion is being held on how this is to be accounted for and options were explained. It may be that this is zero. A regularity opinion is also provided that confirms appropriate use of funds. This now extends to all subsidiaries including therefore the overseas operations.</p> <p>The fees were outlined and the rise relating to the new auditing standards and regularity scope.</p> <p>A meeting is being held on 23 November to review the management letter with the Chairs and the AO.</p> <p><b>Approved: The Committee accepted the plan as circulated for approval by Board</b></p>
15/23	<p><b>RISK MANAGEMENT</b></p> <p><u>Risk Management Annual Report 2022/23</u></p> <p>The Annual Report for 2022/23 had been circulated and was taken as read. The report was noted.</p> <p><u>Risk Management Group Minutes – 12 October 2023</u></p> <p>These were circulated for information.</p> <p><u>Risk Management Policy and Framework</u></p> <p>A draft Risk Management Policy and Framework had been circulated. Feedback was requested from the Committee.</p> <p><b>Action: Audit Committee to feed back on Policy and Framework</b></p>
16/23	<p><b>HEALTH AND SAFETY</b></p> <p><u>Health and Safety Policy – for approval</u></p> <p>The updated Health and Safety Policy had been circulated to the Committee for approval.</p> <p><b>Approved: The Committee approved the Health and Safety Policy</b></p> <p><u>Health and Safety Annual Report 2022/23</u></p> <p>The Annual Report for 2022/23 had been circulated.</p> <p>It was asked what the increase in accidents/illnesses related to as they had gone up from 237 to 358.</p> <p><b>Action: Check figures and reason for increase</b></p>

17/23	<p><b>GDPR ANNUAL REPORT 2022/23</b></p> <p>The Annual Report for 2022/23 had been circulated and was taken as read. The Clerk explained that recent benchmarking showed that the College was in line with the rest of the sector. The themes were explained with many of these relating to the use of emails.</p> <p>The Committee noted the report.</p>
18/23	<p><b>COMMITTEE OBJECTIVE 2023/24</b></p> <p>Discussion took place on Committee Objective. The Chair agreed to circulate some thoughts for feedback and input from the Committee.</p> <p><b>Action: Chair to circulate draft objective</b></p>
19/23	<p><b>URGENT BUSINESS</b></p> <p>There was no urgent business discussed.</p>
18/22	<p><b>DATE OF NEXT MEETING</b></p> <p>Date of Next Meeting: the next meeting will be held on Tuesday 5 December 2023 at 13.00 hours</p> <p>Face to face attendance was requested at the next meeting.</p>
	<p><b>The meeting closed at 17.50 hours.</b></p>

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Chair

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Date