MINUTES OF A MEETING OF THE LINCOLN COLLEGE AUDIT COMMITTEE HELD AT LINCOLN COLLEGE ON TUESDAY 13 JUNE 2017 AT 17.00 HOURS

Present:	Nick Cudmore	Chair
	Dean Graham	Vice Chair
	Nick Lyons	
	Mark Speed	
	Mark Platts	
In Attendance:	Sarah Adams	Clerk to the Board of Corporation
	Thomas Dannatt	Director of Finance and Commercial (F&C)
	Richard Lewis	RSM UK Audit LLP
	Claire Love	Group Financial Controller
Apologies:	Peter Horner	
	Mark Ashton-Blanksby	ICCA

38/16   APOLOGIES FOR ABSENCE

Apologies were received from Peter Horner and Mark Ashton-Blanksby.

39/16   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.

40/16   MINUTES OF MEETING HELD ON 7 MARCH 2017

The minutes of the meeting held on 7 March 2017 were checked for accuracy and matters arising. The minutes were agreed as a true and accurate record and were signed accordingly.

41/16   MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS

There were no matters arising or notification of urgent business.

42/16   SCHEDULE OF THE AUDIT RECOMMENDATIONS MONITORING REPORT

The D(F&C) gave an overview of the current internal audit recommendations monitoring report. It was noted this was a live document and also explained that a consultant has been appointed in Employer Provision (EP) who is supporting the team linked to budget planning and the apprenticeship levy and will be taking ownership of some of the outstanding recommendations related to Employer Provision and Business Development as part of this.

It was confirmed that all financial recommendations have been put in place.

The Chair reported the document is very helpful to enable the Committee to keep track of the recommendations in one place as opposed to a number of individual reports and also to show updates/actions as they are carried out.

Mark Platts asked if there was a way of indicating the date when an addition/ amendment has been made to the report and it was agreed that as changes are made a date would be included. It was noted that for the next meeting there will be a number of records that can be recommended for removal and also new recommendations to be added following internal audit activity over the next few weeks.

Action: Clerk to include date to indicate where an update has been made
Action: Clerk/D(F&C) to include items flagged for approval to be removed for next meeting

43/16   OVERVIEW OF RISK REGISTER

The D(F&C) gave an overview of the 4Risk system which is the software used to manage the Risk Register. There are 232 risks and 46 risk owners. The Risk Management Committee meets quarterly and the Audit Committee were invited to attend the next meeting if they wished. The Risk Management Committee carry out a full review of all red risks during each meeting.

It was explained the system sends automatic reminders on a monthly basis to all risk owners to review and if appropriate update their risks. The new Health and Safety Officer who takes up post in August will be the administrator of the system to replace John Duff. Training will be carried out at that point for all staff who use the system by way of an update.

The Committee members confirmed they had been able to access the system following refreshed login details.

Rachel Newton (Head of Infrastructure, Facilities and Estate) gave a demonstration of the 4Risk system including how to view the different risks and also an overview of the cause and effect, existing controls, action required, contingency details, assurance and history linked to each individual risk. It was explained that documents and photographs can also be attached and the example given of the tender documents and quotes linked to the risk on Roofs.

It was asked if there was any moderation and/or checks carried out, for example if the risk manager says there is a risk linked to leaking roofs does someone look at that. Following discussion it was agreed that visits could be carried out to look at specific physical risks. Assurance Records were queried and an example was given.

It was suggested that the Committee look at the Assurance Record section and ask for the evidence to be provided. This could be done as a specific deep dive into selected areas to give the Committee assurance. It was noted that this area is only available through viewing on the system and is not included on any of the PDF reports that can be run.

It was queried if there was any capacity for internal audit to look at this including reviewing the system and process and carrying out some verification.

It was reported that this would then be included in the risk management annual report.

Action: D(F&C) to follow up with internal audit

It was also suggested that one of risk owners, perhaps someone in an academic area, could be invited to attend the Committee in future.

Action: D(F&C) to identify attendee for future meeting

It was queried if there was any lag between an issue becoming apparent and being included on the risk register. Discussion took place on the different types of risk and the timings for inclusion for both strategic and operational risks.

Discussion took place on the Insolvency Regime and whether this should be a separate risk. It was noted there was already a robust section related to financial resilience which is regularly monitored.

44/16 POST 16 AUDIT CODE OF PRACTICE

Richard Lewis provided an overview of the new Post 16 Audit Code of Practice that was issued in March and is effective for this financial year. A summary was given of the key changes from the Joint Code of Practice. There is now only one agency and the document sets out what the Committee should be doing. In particular the following were highlighted:

- tests to ensure transactions are proper and regular
- propriety related to standards of conduct, behaviour and corporate governance
- HM Treasury's 'Managing Public Money' linked to safeguarding public funds
- summary of regularity concerns – which highlights effective management and good governance

The Committee need to be assured that good governance and effective management are in place and Annex C provides a list of characteristics the Committee may wish to consider. The need to ensure effective challenge and debate was highlighted.

The Board as a whole need to be made aware of the document and also the Emerging Issues for the FE Sector. The Clerk confirmed that both documents had been circulated.

Discussion took place on the submissions to the ESFA, specifically the financial plan at the end of July and the financial record at the end of December. The ESFA had also been party to the input into Area Review and Ofsted however this is still a limited window.

Discussion took place on the point of holding management more to account and it was responded that the processes linked to reaching decisions and ensuring check and challenge are crucial. Examples were given of due diligence, business planning, etc and ensuring that debate takes place and is evidenced in minutes, including if there were any Board members who disagreed with decisions reached.

Discussion took place on the risks linked to not being successful in the recent bid in KSA and where these were flagged. It was noted that all scenarios had been worked through. Which issues should be scrutinised by Audit Committee or be reserved for Board were considered. It was stressed that the position of the Audit Committee is to ensure that there is a system in place.

It was agreed by the Committee that the Risk Register is the key to answering whether issues are being picked up, which Committees they go to and if there is sufficient evidence. The Chair reminded the Committee that all discussions are included in the Annual Report of the Audit Committee.

45/16   EXTERNAL AUDIT PLAN 2017/18

Richard Lewis presented the External Audit Plan and gave an overview of the responsibility, financial statements assurance and regularity.

The timetable of work to meet deadlines was reported up until December.

Key areas of audit focus were outlined including income, pensions, going concern, ABR, regularity (this year payments on termination) and consolidation. It was noted there is a small joint venture this year.

The fee proposals and appendices were outlined to the Committee for information.

As noted the 'Emerging Issues' document had been circulated to the Board as a whole and a summary was given. It was noted this was a very helpful document to give an overview. The document to be shared with the lay member following the meeting.

Action: Clerk to forward to Mark Platts

It was noted that the Audit Regularity Questionnaire will be published in the next few weeks.

46/16   ANNUAL CYCLE OF BUSINESS

A draft cycle of business had been produced and was circulated to the Committee. It was asked that any additions/feedback are sent through to enable a final document to be agreed at the next meeting.

Action: Clerk to circulate draft with minutes
Action: To be agreed at the July meeting

47/16   LETTER TO COLLEGE ACCOUNTING OFFICERS

The letter had been circulated for information. The Association of Colleges published 'Code of Good Governance for English Colleges' was highlighted and it was recommended that the Committee familiarise themselves with this document as a helpful refresh.

Action: Clerk to circulate with minutes

48/16   CONFIRMATION OF AUDITORS FOR 2017/18

It was confirmed that the contract with RSM as External Audit runs through to 2018/19 as planned. ICCA as Internal Audit currently runs for 12 months and will then be reviewed. The intention to continue for 2017/18 academic year was noted and an audit plan is being developed to include core financial systems.

A tender process will be put in place for Internal Audit for 18/19 and beyond. This will be a recommendation to the July meeting.

Action: Internal Audit Tender process to be recommended to July meeting

It was noted there is no requirement to have an Internal Audit function but this is considered best practice. The process gives assurance to the Committee and can be used to look at key risks.

49/16   URGENT BUSINESS

There was no urgent business.

50/16   DATE OF NEXT MEETING

It was suggested that an additional meeting is added to the schedule. This was agreed.

The next meeting will be held on Tuesday 25 July 2017 at 1700 hours.

Action: Clerk to send out calendar invitations.

The meeting closed at 1820 hours.

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Chair   Date