

LINCOLN COLLEGE

CONFIDENTIAL

AUDIT COMMITTEE MINUTES

WEDNESDAY 29 JUNE 2016 1700HRS IN THE BOARD ROOM, LINCOLN COLLEGE

Present: Mr Nick Cudmore (Chair)
Mr Dean Graham
Mr Peter Horner
Mr Nick Lyons (Vice Chair)

In Attendance: Mr Mark Ashton-Blanksby (ICCA), until 18:33 hours
Mr Thomas Dannatt (Director of Finance & Performance)
Mrs Wenke Geddert (Clerk)
Mr Richard Lewis (RSM UK Audit LLP), until 18:33 hours
Mrs Becky Ward (Group Head of Information Services) for Item 5,
until 17:18 hours

Apologies: Mr Mark Platts
Mrs Rachel Lewis (Group Financial Controller)
Mr Scott Winter (ICCA)

41/15 APOLOGIES FOR ABSENCE

Apologies were received from Mark Platts, Rachel Lewis and Scott Winter.

42/15 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.

43/15 MINUTES OF MEETING HELD ON 20 APRIL 2016

The minutes of the meeting held on 20 April 2016 were agreed as a true and accurate record and were signed accordingly.

44/15 MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS

There were no matters arising or notification of urgent business.

45/15 FINAL AUDIT REPORT 07.15/16 – LEARNER RECORDS AND FUNDING (EFA & SFA)

The report, which was taken as read, was presented by Mark Ashton-Blanksby.

Mark Ashton-Blanksby advised the Committee that substantial assurance had been provided to management and the Committee that the areas of the control environment tested during the audit were designed and operating effectively. The Committee was appraised of the consistency of the audit as the same auditor who had carried out the previous audit had produced this year's report.

It was highlighted that a separate report on Conditions of Funding (CoF) had been produced. The Committee noted that the College was within the SFA Funding Auditors tolerance of 5%.

The Group Head of Information Services informed the Committee that the data returned on the R09 had identified 84 learners who had not met the conditions of funding. Of the originally listed 84 learners, 15 remain on the programme. The Committee noted that the College had revised the approach to be used during the 2016/17 enrolment period to ensure learners would be assigned to an appropriate qualification at the point of enrolment.

The Chair thanked Mark Ashton-Blanksby for his report.

The Group Head of Information Services left the meeting at 17:18 hours.

46/15 PROGRESS UPDATE ON RISK MANAGEMENT PROCESSES

The Committee received an oral report from the Director of Finance & Performance.

The Committee was appraised of the outcome of the risk management meeting held on 8 June 2016. The Kingdom of Saudi Arabia (KSA) has now been included in the electronic risk register. The introduction of a timeline for action points was proposed. Although the Committee confirmed that access to the electronic risk register had been given, the Chair requested an executive summary of the risk register to be presented to the Committee.

Action: Director of Finance & Performance – to provide an executive summary of the risk register

Mark Ashton-Blanksby agreed to share a risk register best practice report with the Director of Finance & Performance for distribution to the Committee.

Action: Mark Ashton-Blanksby – to share a risk register best practice report with the Director of Finance & Performance for distribution to the Committee

The Chair thanked the Director of Finance & Performance for his report.

47/15 KSA – UPDATE

The Committee received an oral report from the Director of Finance & Performance.

The Committee was appraised of the re-negotiation of the KSA contract, which is currently in progress.

The Chair thanked the Director of Finance & Performance for his report.

48/15 AUDIT RECOMMENDATIONS MONITORING REPORT AND FINAL AUDIT REPORT 09.15/16 – FOLLOW-UP OF PREVIOUS INTERNAL AUDIT RECOMMENDATIONS

The report, which was taken as read, was presented by Mark Ashton-Blanksby.

The Committee noted that the report covered all outstanding actions arising from audits undertaken in the current financial year, and those brought forward from 2014/15. The list of outstanding actions is comprehensive and will enable the Committee to track progress against agreed recommendations with internal and external audit. The schedule will remain as a standing agenda item from 2016/17 onwards.

Action: Clerk – to include the schedule of the audit recommendations monitoring report and final audit report 09.15/16 as a standing agenda item from 2016/17 onwards

Mark Ashton-Blanksby presented the audit recommendations monitoring report and advised the Committee that reasonable assurance had been provided that progress with implementing previously agreed internal audit recommendations has been timely and effective.

The Committee was apprised of the implementation of recommendations and reporting on the status of recommendations. Although a total of six recommendations have been carried forward to the following year, the Committee noted that the outstanding recommendations would be implemented in a timely manner.

It was agreed that a further column highlighting additional implementation dates would be included in the next report.

Action: Mark Ashton-Blanksby – to insert a further column highlighting additional implementation dates in the audit recommendations monitoring report and final audit report 09.15/16

The Chair thanked Mark Ashton-Blanksby for his report.

49/15 FINAL AUDIT REPORT 04.15/16 – REVIEW OF THE LEARNER JOURNEY AND STEP WAVE 1 BENEFIT REALISATION

The report, which was taken as read, was presented by Mark Ashton-Blanksby.

The Committee noted that reasonable assurance had been provided that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses.

The Committee noted that the Strategic Transformation of Education Provision (STEP) plan had been developed in early 2015 with Wave 1 of the programme including a detailed end-to-end review of the College's learner journey. 45 recommendations were made, to date, 18 recommendations have already been implemented by the STEP team.

The Committee was apprised of the findings and recommendations – planning the provision; marketing the provision; capturing enquiries; applications; entry criteria, interview and assessment; and post enrolment controls (first 42 days).

The Chair thanked Mark Ashton-Blanksby for his report.

50/15 FINAL AUDIT REPORT 05.15/16 – FINANCIAL CONTROLS: PAYROLL (INCLUDING OVERTIME)

The report, which was taken as read, was presented by Mark Ashton-Blanksby.

The Committee noted that substantial assurance had been provided that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses.

The Committee was appraised of the key areas that required improvement and action and of the detailed findings in the area of revised accountability/workflows.

The Chair thanked Mark Ashton-Blanksby for his report.

51/15 FINAL AUDIT REPORT 08.15/16 – LEARNING SUPPORT AND HIGH NEEDS FUNDING

The report, which was taken as read, was presented by Mark Ashton-Blanksby.

The Committee noted that limited assurance had been provided that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses.

Mark Ashton-Blanksby informed the Committee that the control for the learning support and high needs funding had been decentralised but will be brought back under the control of the Director of Student Services which will result in a step change for the following year.

The Committee was appraised of the findings and recommendations – assessment documentation; cost calculations; estimated cost; actual expenditure; regular and global reconciliations; reporting and budget monitoring; and compliance with current SFA funding guidance.

It was agreed for ICCA to provide evidence of reassurance early in the first term next year.

Action: Mark Ashton-Blanksby – to provide evidence of reassurance early in the first term next year.

The Chair thanked Mark Ashton-Blanksby for his report.

52/15 PROGRESS REPORT TERM 3

The Lincoln College Internal Audit Progress Report was tabled.

The Committee noted that the report provided an update on progress against the audit plan and summarised the results of the auditors' work to date.

The Committee was appraised of the following reports: Report 10.15/16 "Review of Lincoln College Group Structure"; Report 11.15/16 "Lincoln College Directorate" and Report 12.15/16 "Management Information and Reporting" which are to be completed.

The Chair thanked Mark Ashton-Blanksby for his report.

53/15 EXTERNAL AUDIT PLAN – 31 JULY 2016

The report, which was taken as read, was presented by Richard Lewis.

The Committee was appraised of the contents of the report: introduction and engagement objectives; audit and regularity approach, scope and timetable; key risks affecting the audit plan; fees; audit engagement team; other matters relating to audit and regularity scope, approach and reporting; pro-forma audit and regularity reports; governance, control and independence; emerging issues; and financial reporting developments.

Governors noted that the external audit's reporting timetable and communication plan would be met.

The Chair thanked Richard Lewis for his report.

54/15 AUDITORS TO MEET THE COMMITTEE – WITHOUT MANAGEMENT PRESENT

The Director of Finance and Performance left the meeting at 18:27 hours.

***** The item was recorded as a confidential item.*****

Mark Ashton-Blanksby and Richard Lewis left the meeting at 18:33 hours.

55/15 ICCA CONTRACT RENEWAL – WITHOUT AUDITORS PRESENT

The Director of Finance & Performance re-joined the meeting at 18:35.

***** The item was recorded as a confidential item.*****

56/15 URGENT BUSINESS

There was no urgent business.

57/15 MEETING DATES FOR 2016/17

The schedule of meeting dates for the academic year 2016/17 was agreed:

- Tuesday 11 October 2016, 1700
- Tuesday 29 November 2016, 1700
- Tuesday 7 March 2017, 1700
- Tuesday 20 June 2017, 1700

The meeting closed at 18:42 hours.

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Chair

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Date

Action List
Actions from the Audit Committee Meeting held on 29 June 2016

| Minute Number/Item | Description | Action by | Target Date | Status/Note |
|---------------------------|---|-----------------------------------|--------------------|--------------------|
| 46/15 | provide an executive summary of the risk register | Director of Finance & Performance | ASAP | |
| 46/15 | share a risk register best practice report with the Director of Finance & Performance for distribution to the Committee | Mark Ashton-Blanksby | ASAP | |
| 48/15 | include the schedule of the audit recommendations monitoring report and final audit report 09.15/16 as a standing agenda item from 2016/17 onwards | Clerk | From 2016/2017 | |
| 48/15 | insert a further column highlighting additional implementation dates in the audit recommendations monitoring report and final audit report 09.15/16 | Mark Ashton-Blanksby | ASAP | |
| 51/15 | provide evidence of reassurance early in the first term next year | Mark Ashton-Blanksby | ASAP | |