Waltham Forest College

THE CORPORATION OF WALTHAM FOREST COLLEGE

AUDIT AND RISK COMMITTEE

MINUTES OF THE MEETING HELD ON 14 MARCH 2022

MEMBERS OF THE COMMITTEE

Michael Eichhorn	present	Member
Renatta Nzomono (Chair)	present	Member
Paul Douglas	apologies	Member
Jacqueline Young	present	Member

CLERK TO THE COMMITTEE

Naomi Shoffman	present	Director of Governance (DoG)

IN ATTENDANCE

Abena Rodman-Tay	present	Deputy Principal Finance & Resources (DPFR)
Stephen Pringle	present	Wylie Bisset Internal Audit Service (IA)

1530 ATTENDANCE OF THE PRINCIPAL AND OTHER COLLEGE MANAGERS AT THE MEETING OF THE AUDIT COMMITTEE

The Committee agreed that the DEPUTY PRINCIPAL FINANCE AND RESOURCES (DPFR), be invited to attend the meeting. The Chair asked all to introduce themselves.

1531 APOLOGIES FOR ABSENCE

Paul Douglas was not able to make the rescheduled date and Janet Gardner did not attend due to work commitments.

1532 DECLARATION OF INTERESTS

There were no issues included on the agenda for the meeting in which they had a personal interest relative to the College.

1533 MINUTES OF THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON 2 DECEMBER 2021

The Minutes of the Audit Committee meeting held on 2 December 2021 were approved by the Audit and Risk Committee as a correct record.

1534 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 2 DECEMBER 2021

There were no matters arising from the Minutes of the meeting held on 2 December 2021 which were not already covered on this agenda.

1535 INTERNAL AUDIT REPORTS 2021/22

i.	The Internal Auditor (IA) took the Committee through the following four internal audit reports.

- **Governance and SLT Reporting**

The purpose of this assignment was to review the reporting arrangements in place to ensure that the appropriate reports are being prepared in a timely manner. The review involved feedback from Board members on the quality of reporting in place and whether improvements can be made in this area.

The overall conclusion from this audit was 'strong' assurance and there were no recommendations made and seven areas of good practice highlighted.

In terms of benchmarking, it was noted that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

During the review, feedback was sought from Board members to ensure they were happy with the current Corporate Governance arrangements, and they were happy with the quality of information provided to them. Similar was sought by SLT members, via Verbal feedback.

The Committee commended the good report. The Chair asked how areas of good practice are identified. The Auditor explained the process and testing carried out to see what the College does well.

- **Procurement**

The purpose of the assignment was to conduct a review of the procurement process in place, from identifying procurement needs, through to appraising options and contracting with suppliers. The auditors also looked to provide assurance that the College is complying with legislative requirements.

The overall conclusion from this audit was 'substantial' assurance with 2 medium 3 low grade recommendations in respect of Availability of Tender Documentation and Development of a Centralised Contracts Register, VFM exercises and managing supplier performance, regular updates of policies and procedures and developing a procurement strategy, staff training and establishing a preferred suppliers list. 5 areas of good practice were highlighted.

In terms of benchmarking, it was noted that the College has a higher number of recommendations compared to those colleges it has been benchmarked against.

The Committee asked in terms of the contracts not being centralised, what would be the impact and likelihood of this risk. The IA explained that the main issue was that all contracts documentation should be easily accessed so should all be centralised within a register. There is not likely to be a financial impact but there may be a reputational risk if we are not able to demonstrate that procurements and renewals are happening in a timely manner. The IA reiterated that there is not a big risk at present and in terms of the sampling there are not any areas of non-compliance.

The DPFR advised that one of the key reasons Tenet was brought in was to support the College with its procurement . Also, the delay in producing some of the documentation was due to staff sickness as a result of COVID 19 . The IA was able to provide assurance that all the information asked for was received and that this is an administrative recommendation rather than an issue of non-compliance.

- **Cyber Security**

The purpose of this review was to ensure that the College has adequate IT controls in place and that these are operating effectively. This review aimed to provide assurance that the IT control arrangements are appropriate and are being managed effectively. The review also sought to provide assurance that there are appropriate cyber security arrangements in place and there is appropriate storage of backup information. The audit was carried out by an IT specialist auditor.

The overall conclusion from this audit was 'strong' assurance and there were no recommendations made, which the IA said was unusual for this type of audit. Fourteen areas of good practice highlighted.

The Committee thanked the IA for this report and reinforced heightened concerns in the current climate with the prevalence of threats across all organisations. The IA agreed that there are always concerns when no recommendations are made in this type of audit but stressed that the audit tests whether reasonable and expected actions that would be expected have been taken by the college

and the audit found that all reasonable actions to mitigate risk had been taken. The committee expressed some concern that given the inherent risk and repeated successful cyber-attacks in other Colleges / organisations what is the risk that we take comfort from the report? Where should and could we do more? Did the audit consider cyber-attacks that actually occurred in other colleges, i.e. tested if what happened at other colleges can also happen at WFC? Did the audit test if the system would identify certain hypothetical events, patterns or attacks? The IA said that anything that has come out of other organisations that have been attacked has been included in the test pack. He does not believe that even if more time was spent on the audit, nothing further could be done on this. The infrastructure is sound. The auditors were on site and interrogated the system, they also had a second opinion from an IT Auditor that reviewed the findings. Perhaps the only additional work they may have looked more into was the documentation and carried out another vulnerability scan.

DPFR advised that the college has put in a lot of resources in this area. As a requirement for ESFA funding we have to satisfy the ESFA that we have Cyber assure plus accredited and the College is working with JISC to achieve this. We currently have Cyber Essentials in place. We have also introduced MFA on all devices and Cyber security will be part of mandatory staff training moving forward. The college is taking all necessary actions to mitigate the risk of a cyber breach to keep systems safe.

The audit committee challenged and raised several questions re the audit and scope to the auditors and reinforced that cyber security is a continued risk. After discussion, they agreed to broaden the scope of the next cyber security audit and to plan another audit at the start of the next plan for the new academic year. In addition, they agreed with the DPFR to hold a desk top threat exercise which the DPFR advised is being planned with the College's insurance company cyber experts. It was agreed that cyber security will continue to be an ongoing threat.

- **College Purchasing Ordering Process**

The purpose of this assignment was to review the robustness of the purchase ordering processes in place to ensure that orders are being raised appropriately, authorised, and then matched to invoices correctly prior to payment.

The overall conclusion from this audit was 'strong' assurance with 2 low grade recommendation in respect of Purchase Ledger Debit Balances and Supplier Statement Reconciliations *five* areas of good practice highlighted.

In terms of benchmarking, the College has a higher number of recommendations compared to those colleges it has been benchmarked against.

ii.   **Erasmus Audit Report**

The DPCR talked through the report which is to update the Committee on the ERASMUS (European Union exchange programme) external audit. The report summarises the findings of an external audit on ERASMUS funding covering procedures and systems with a sample list of learners where evidence was tested. Overall assurance is good with two actions to be implemented. These actions will be added to the College's internal audit tracker

The Chair asked about the risk with this programmes and audit. The DPFR explained that the audit is carried out by external agency. Due to Covid the College had two different programmes running at the same time, so the risk is around how funding is drawn down and claimed correctly against targets set as part of the program. Funding may be clawed back if targets are not met.

iii.   **Update on Internal Audit Recommendations**

The DPCR talked through the report which tracks progress on the Follow up recommendations from previous audits and highlighted the following:
- All audit recommendations from College internal auditors including any audits by the ESFA are followed-up by SLT on a monthly basis to ensure that they are implemented in a timely manner.
- Currently there are 3 partially implemented recommendations whose dates have been revised because they are linked to the implementations of iTrent (new HR system) which is currently in progress. The new HR Director is now in post and leading on this project.
- All other actions have been fully implemented.

All recommendations and actions taken will be checked by auditors as part of their follow up report in the summer

The Committee noted the positive Audit reports and progress made on the Internal Audit Recommendations

1536 **POLICIES**

i. The Committee received the Treasury Management policy. A member suggested that the document needs further work, including different refinements of terminology and the requirements for overdrafts. He offered to work with the DPFR to further enhance the draft. The Committee thanked the member for his suggestion and offer to help and agreed to defer the document.

ii. The Committee received the Reserves policy – A member raised/ suggested the following points/changes which were discussed and agreed:

- In the Policy under policies section to add a sentence to the third paragraph should the reserves fall below £3m In the Policy under policies section to add to the fourth paragraph the words marked in red "The cash reserves will be built up from the unrestricted funds (e.g. earned income)."

- To agree a timeline by when this requirement should be binding /formally met.

- The 12 month reserves coverage should be a component of the risk appetite. And that the Committee could recommend the inclusion in the risk appetite to RA Working Group (subject to final review once the RA work is completed).

 The Committee Agreed:

- **To Recommend approval of the Reserves Policy subject to the changed agreed above:**

- **Defer the Treasury Policy to the next meeting**

1537 **FREEDOM OF INFORMATION ANNUAL REPORT**

The Committee received The Freedom of Information Annual Report and Log.

A member said it would be helpful to understand why the numbers / stats have dropped to zero as there has not be a single request this year. The DoG explained that this is probably due to many of the issues being around union requests, staffing and the lack of transparency on pay, most of which have been addressed by way of the new team in place.

A member suggested and it was agreed that a column is added to the log going forward that details who raised the request and, if available, for what purpose/reason (why).

The Committee noted the Freedom of Information Annual Report and Log

1538 **PIDA/WHISTLEBLOWING**

The Committee received the Public Interest Disclosure (whistleblowing) policy. A member suggested the following changes which were discussed and agreed:

- To perform at least an annual review for this policy

- Under section 4.1 to change the current wording from "…. will be reported to the next meeting of the Audit & Risk Committee together with brief reasons." to "…. will be reported to the next meeting of the Audit & Risk Committee together with a brief explanation of reasons."

 The Committee Agreed to Recommend approval of the Public Interest Disclosure (whistleblowing) policy subject to the changed agreed above

1539 **COLLEGE RISK REGISTER**

The Committee received the College Risk Register. Further to the strategy day discussion the Committee discussed and agreed the following points

- The risk appetite and risk register should be inherently linked.

- A preliminary mapping against the eight risk categories discussed on the Strategy day to be performed by the member leading on the board assurance work. The mapping can then be further discussed in the Committee and/or RA Working Group.

The Chair asked members if they were happy with how the risks are now presented. Members agreed they were and that this now serves as a useful risk management and assurance tool.

The Committee received and noted the updated College Risk Register.

1540   DATE OF NEXT MEETING

Tuesday 23 June 2022

1541   ITEMS TO BE ADDRESSED AT FUTURE MEETINGS OF THE AUDIT AND RISK COMMITTEE

The Committee is asked to note that the agendas for future meetings will include the following items:

- o   Monitoring Statement on issues previously identified in reports presented to the Committee
- o   Internal Audits
- o   Review of Audit Reports and outstanding recommendations
- o   Risk Register
- o   Review of performance of Auditors duration

1542   ACTION POINTS ARISING FROM THIS MEETING OF THE COMMITTEE

14.00 finish

These minutes have been approved by the Audit and Risk Committee and signed by the Chair as a correct record.

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          Signed   **Date**