



## CONFIRMED MINUTES

### THE CORPORATION OF WALTHAM FOREST COLLEGE

#### AUDIT COMMITTEE

#### MINUTES OF THE MEETING HELD ON 8 JULY 2020

#### MEMBERS OF THE COMMITTEE

Youness Abidou (Vice Chair)	apologies	Member
Renatta Nzomono	present	Member
Graham Woolnough (Chair)	present	Member

#### CLERK TO THE COMMITTEE

Val Bartlett Clerk to the Corporation

#### IN ATTENDANCE

Di Gowland	present	Interim Principal and Chief Executive
Janet Gardner	present	Principal & Chief Executive – designate
Andy Cottrell	present	Deputy Principal Corporate Resources
Andrew Haddon	present	Finance Consultant
Abena Rodman-Tay	present	Director Finance & Estates
Paul Goddard	present	Scrutton Bland
Stephen Dean	present	Grant Thornton
Stephen Pringle	present	Wylie Bisset

#### **1458 ATTENDANCE OF THE PRINCIPAL AND OTHER COLLEGE MANAGERS AT THE MEETING OF THE AUDIT COMMITTEE**

The Committee agreed that the Interim Principal, Principal Designate, Deputy Principal Corporate Resources (DPCR), Director of Finance Estates (DF&E), and the Finance Consultant should be invited to attend the meeting.

The Chair asked all to introduce themselves, and due to Covid-19 restrictions, welcomed all to the TEAMS remote meeting.

#### **1459 APOLOGIES FOR ABSENCE**

The Clerk informed the meeting that Kapil Wadhvani has resigned as a Corporation member and this will be reported at the Corporation meeting on 15 July 2020.

Youness Abidou – work commitments

There were no other apologies.

#### **1460 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.

**1461 MINUTES OF THE MEETING OF THE AUDIT COMMITTEE MEETINGS HELD ON 10 MARCH 2020**

The Minutes of the Audit Committee meeting held on 20 March 2020 were approved by the Audit Committee and signed by the Chair as a correct record.

**1462 MATTERS ARISING FROM THE MINUTES OF THE MEETINGS OF THE AUDIT COMMITTEE HELD ON 10 MARCH 2020**

- The Committee noted that following a tender exercise through CPC and an interview process, Wylie Bisset had been recommended by the Audit Committee to the Corporation as the College's Internal Audit Service effective from 1 August 2020 for a 3-year period, subject to annual review. This appointment was approved by the Corporation at its meeting on 19 May 2020.

There were no other matters arising from the Minutes of the meetings held on 10 March 2020.

**1463 INTERNAL AUDIT REPORTS**

***Estates Management***

The objective of this audit was to undertake an independent review of the College's subcontracting provision. This review will be aligned with the ESFA's August 2018 document 'Providing external assurance on subcontracting controls'.

This audit was completed remotely due to the Covid-19 pandemic.

The audit assurance was 'significant'.

The assurance opinion given to this audit was 'significant' with three low risk recommendations being raised to improve the performance of the system of internal controls.

The Committee was informed that the audit provided assurance that the Estates Management function is well managed to provide assurance of the safety of site occupants and value for money of all preventative and responsive works.

It was noted that the Estates Department has seen a complete overhaul of staff within the past year resulting in outdated processes being overwritten and new practices implemented regarding the managing and compliance of the estates requirements.

The low risk recommendations were then discussed, and the required actions and due dates noted.

It was also noted in particular that the asbestos survey planned for April 2020 had been cancelled due to lockdown, but assurance was provided to the Committee that this assessment will now take place in July or August 2020.

***Subcontracting***

The objective of this audit was to undertake an independent review of the College's subcontracting provision.

This review will be aligned with the ESFA's August 2018 document 'Providing external assurance on subcontracting controls'.

This audit was completed remotely due to the Covid-19 pandemic.

The assurance opinion given to this audit was 'significant'.

The Committee was informed that the audit considered that the subcontracting framework within the College continues to be robust.

Three low risk recommendations were raised, and the actions and due dates noted by the Committee.

The Principal informed Governors that subcontracting is a high-profile area within the sector and, for the College, is c£1.4m of its overall business.

It was noted that the ESFA requires lead providers subcontracting more than £100k during an academic year to obtain a report and certificate from an independent auditor to provide assurance on the arrangements in place to manage and control its subcontractors. This certificate will be issued in due course by Scrutton Bland.

Discussion was then held on the recommendation regarding the financial capacity of subcontractors and that their monthly accounts would provide an early-warning indicator, but also acknowledging that for smaller firms in particular these accounts may only be available quarterly.

Meanwhile, the Committee was reminded that the College is seeking to rebalance the amount delivered by subcontractors and that delivered in-house.

Governors were informed that the current requirement for an annual assurance certificate may, in 2022/23 be replaced by kite mark accreditation.

***Follow-up of previous recommendation***

This follow-up audit was to review the progress made with implementing the medium risk recommendations raised in 2018/19 and the outstanding recommendations from previous years.

This audit work was completed remotely due to the Covid-19 pandemic.

The report indicated that the College has made good progress in implementing the medium risk recommendations.

A Governor queried the GDPR recommendations arising from this Internal Audit report. It was noted that the implementation dates for these recommendations were not due at the time of the follow-up audit.

***Progress report***

There are currently 2 audits remaining, which are in progress; namely budget setting, monitoring and management information and an audit of funding assurance.

These reports are due to be finalised at the end of July and will be presented to the November Audit Committee meeting.

The Chair thanked Scrutton Bland very much for all their work over many years as the College's Internal Audit Service.

Scrutton Bland thanked the College and staff for all their assistance during their internal audit work.

***18:35 PG left the meeting and SP joined the meeting***

**1464 INTERNAL AUDIT NEEDS ASSESSMENT**

The Audit Committee members introduced themselves to Stephen Pringle from Wylie Bisset (WB) and welcomed Stephen to the meeting.

WB thanked the College for appointing them as the Internal Auditors and they are delighted to be working with WFC.

The Committee then scrutinised the 3-year Audit Needs Assessment Plan 2020/21 to 2022/23, noting that this is reviewed at least annually to ensure it remains relevant. The College Risk Register and previous audit reports have helped inform this 3-year plan.

It was noted that that areas to be covered in year 1 are:

- Procurement
- Budgeting process
- Health & Safety compliance
- Safeguard- virtual learning

The Committee then reviewed the Key Performance Indicators and the Assurance Map which is assessed against the Risk Register.

Discussion then took place on GDPR. Whilst acknowledging that WB will follow up on the outstanding recommendations and that a further GDPR audit is not scheduled until 2022/23, the Committee requested that the SLT review this timeline with a view to bringing this audit date forward as this is such a crucial area.

In addition, it was requested by the Committee that whilst the Procurement audit will also look at fraud, a review of bribery, corruption and legislative requirements within the anti-fraud framework should also be featured.

***The Audit Committee agreed to recommend to the Corporation the approval of the Internal Audit Needs Assessment 2020/21 to 2022/23.***

#### **1465 FINANCIAL STATEMENTS AUDIT PLAN – YEAR ENDING 31 JULY 2020**

The Engagement lead for Grant Thornton (GT) introduced the audit plan including identifying the main audit areas.

The Committee noted the identified significant risk areas:

- Revenue cycle
- Management of over-ride of controls
- Going Concern

It was noted that Going Concern is a significant area due to the impact of Covid-19 and the financial challenges faced by the College last year.

The audit plan also covered the following:

- Pension scheme valuation
- Other key audit areas
- Approach to materiality
- Timetable for the audit
- Regularity assurance approach
- Fees and related matters

The Audit Committee then discussed the increase in audit fees and requested that the SLT go through the details of this increase with GT to check if it is reasonable and under the procurement of this audit contract.

The Audit Committee noted the Financial Statements Audit Plan for 2019/20.

#### **1466 COLLEGE RISK REGISTER**

The Audit Committee received an updated College Risk Register which now includes a column to indicate 'whether controls are working'.

A Governor proposed that there should be an additional risk added regarding 'failure to comply with general legislation' e.g. GDPR

The College assured the Committee that the Risk Register will continue to be used as a living document.

It was noted that, apart from the financial risks, all other 'amber' risks have a target of moving to 'green' within a realistic timeframe.

#### **1467 DATES OF FUTURE MEETINGS**

The Committee agreed the dates of the Audit Committee meetings for 2020/21:

- Tuesday 17 November 2020
- Tuesday 9 March 2021
- Thursday 10 July 2021

#### **- 1468 ITEMS TO BE ADDRESSED AT FUTURE MEETINGS OF THE AUDIT COMMITTEE**

The Committee noted that the agendas for future meetings would include the following items:

- Internal Audit - Monitoring Statement on issues previously identified in reports presented to the Committee
- Internal Audit - Review of Audit Reports
- Risk Register – review
- Review of the Performance of the Financial Statements Auditors

**1469 ACTION POINTS ARISING FROM THIS MEETING OF THE COMMITTEE**

- Due to the resignation of Kapil Wadhvani, another Governor is required to join the Audit Committee
- A Governor proposed that there should be an additional risk added regarding 'failure to comply with general legislation' e.g. GDPR
- The Committee requested that the SLT review this timeline with a view to bringing the GDPR audit date forward as this is such a crucial area.
- The Committee requested that whilst the Procurement audit will also look at fraud, a review of bribery, corruption and legislative requirements within the anti-fraud framework should also be featured.
- The Audit Committee agreed to recommend to the Corporation the approval of the Internal Audit Needs Assessment 2020/21 to 2022/23.
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- The Audit Committee requested that the SLT go through the details of this fee increase with GT to check if it is reasonable and correct under the procurement of this audit contract.

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

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**Signed**

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**Date**