



## UNCONFIRMED MINUTES

### THE CORPORATION OF WALTHAM FOREST COLLEGE

#### AUDIT COMMITTEE

#### MINUTES OF THE MEETING HELD ON 12 MARCH 2019

#### MEMBERS OF THE COMMITTEE

Youness Abidou (Vice Chair)	<i>apologies</i>	Member
Renatta Nzomono	present	Member
Kapil Wadhvani	present	Member
Graham Woolnough (Chair)	present	Member

#### CLERK TO THE COMMITTEE

Val Bartlett Clerk to the Corporation

#### IN ATTENDANCE

Nicola Meadows	present	Scrutton Bland
Joy Kettle	present	Principal & Chief Executive
Lynda Croft	present	Deputy Principal Corporate Resources
Nicholas Brick	present	Health & Safety Consultant

#### **1388 ATTENDANCE OF THE PRINCIPAL AND DEPUTY PRINCIPAL CORPORATE RESOURCES AT THE MEETING OF THE AUDIT COMMITTEE**

The Committee agreed that the Principal and the Deputy Principal Corporate Resources should be invited to attend the meeting.

#### **1389 APOLOGIES FOR ABSENCE**

Apologies had been received and accepted from:  
Youness Abidou- work commitment

#### **1390 DECLARATION OF INTERESTS**

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

#### **1391 MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 14 NOVEMBER 2018**

The minutes of the Committee meeting held on 14 November 2018 were approved by the Audit Committee and signed by the Chair as a correct record.

#### **1392 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 14 NOVEMBER 2018**

An update on progress to date regarding Health and Safety is now a separate report on this agenda  
There were no other matters arising from the Minutes of the meeting held on 14 November 2018.

### **1393 HEALTH AND SAFETY UPDATE**

The Audit Committee received an update from the Health & Safety (H&S) Consultant on health and safety management and performance in the College.

Assurance was provided that significant actions have been taken to address the eight recommendations arising from the internal audit of May 2017.

It was noted that H&S audits are now included as part of the formal Learning Area Reviews thereby providing an opportunity to check on H&S compliance. Where appropriate, support is available to Managers to implement corrective or improvement actions.

The Committee was also informed of accidents, incidents and near misses from September 2018 to end of February 2019; the significant progress made in reviewing risk assessments; the Health and Safety Management Plan 2018-19 including key targets and the Health and Safety training undertaken by staff.

It was noted that the Internal Auditors will review the progress made to date when they undertake their follow-up audit of previous recommendations which will commence in May 2019.

The Committee thanked the H&S Consultant for this thorough update.

### **1394 INTERNAL AUDIT REPORTS 2018-19 - UPDATE**

The Audit Committee received a progress report on the planned internal audits for 2018-19 including work on sub-contracting in order to demonstrate and certify to the ESFA the College's compliance in this area.

The Committee then reviewed two Internal Audit Reports.

Maths and English audit.

The objective of this audit was to ensure that the framework in place to enrol and timetable learners onto maths and English qualifications is adequate, that learners are enrolled onto a suitable qualification based on their prior attainment and that suitable advice and guidance regarding maths and English is provided to prospective and existing learners.

The assurance level provided from this audit was 'reasonable' (3 out of 5).

The Committee then reviewed and discussed the 2 medium and 3 low category recommended risks. Governors discussed in particular the audit findings regarding the 5% tolerance level, an enrolment gap and the necessary completion of sessions for condition of funding purposes and the capturing of qualifications on entry. There was also a need to improve the timetabling processes to ensure learners are placed on suitable English and maths classes and that they be enrolled on both GCSE's at the start of the academic year. It was noted that management has accepted these recommendations and agreed relevant dates for implementation.

Anti-fraud framework

The objective of this audit was to ensure the College's Anti-Fraud Framework is adequate and is working effectively in practice.

The assurance level provided from this audit was 'Limited (4 out of 5).

The Committee noted that this was the first time for this type of audit to be carried out and that it was wide ranging covering all aspects of business at the College.

There were 4 medium and 9 low risk recommendations made to improve the performance of the system of internal controls.

The Committee discussed the recommendations in detail. A Governor queried in particular the recommendation implementation due date of 31 July 2019 as due to the urgency of some of the recommendations this should be sooner. By way of response, it was noted that the implementation of the new H.R. Select system is to be made in tandem with the payroll recommendations along with relevant training.

Assurance was provided that there is to be a review of the policies and procedures identified in the audit including an assessment of training needs and completion of this training where appropriate.

The Committee was also assured that revision of the due diligence checklist for 3<sup>rd</sup> party's approach and culture toward anti-bribery, fraud and whistleblowing was not seen as unreasonable and would not get in the way of College business.

The Audit Committee noted the progress to date on the internal audit reports.

### **1395 RISK MANAGEMENT – UPDATE**

The Committee was informed that the Risk Management Group and the Executive Team have reviewed the College's Risk Register.

The Committee discussed in detail the current approach to risk management where three parameters are assessed and ranked on different scales to calculate each individual risk score i.e. (financial risk + reputational risk) x likelihood of risk occurrence = risk score

This approach may be considered cumbersome and difficult for non- risk specialists to understand or influence.

The Committee concurred that a 2 dimensional approach may be preferable based on: (likelihood of risk occurrence) x (the impact of the risk occurrence) = risk score

Governors then debated the above at length indicating preference for the 2 dimensional approach but with a spread range of 1-5 rather than 1-3.

It was agreed that the Internal Auditors work with the Deputy Principal Corporate Resources to review the format and report back to the next Audit Committee meeting. Meanwhile, the Corporation is to be informed that this is 'work in progress'.

The Audit Committee noted the update on the College Risk Register.

### **1396 GENERAL DATA PROTECTION REGISTER – GDPR**

The Audit Committee received a verbal update on GDPR.

New staff continue to be trained, there is on-going GDPR monitoring and assurance was provided that there is a continued focus on GDPR for all staff.

The Audit Committee noted the update on GDPR.

### **1397 INSOLVENCY REGIME**

The Clerk to the Corporation provided the Committee with an update on the new College Insolvency Regime.

A summary of the key points was highlighted including recognition and regular monitoring by the Board and the Executive of the monthly cash flow position and loan covenants; ensuring the make-up of the Board includes good finance skills and that there is adequate risk assessment and sensitising of key cash variables.

Reference and links to published guidance provided by the AoC and the DfE was noted.

Discussion was then held regarding cash days in hand for the College compared to an 'Outstanding' College, the impact cash flow has on calculating the Financial Health score, and that whilst there is a College overdraft facility in place, utilising this would come at a cost.

The Audit Committee noted the new Insolvency Act and associated governance requirements.

### **1398 EDUCATION AND SKILLS FUNDING AGENCY – ESFA PUBLICATIONS**

The Audit Committee received and noted the changes to the recently published Education & Skills Funding Agency (ESFA) Post-16 Audit Code of Practice 2018-19 and the College Accounts Direction 2018-19.

**19:40 NM left the meeting**

### **1399 PROCUREMENT OF AUDIT SERVICES**

The Committee discussed the current performance of the Internal Audit Service and the Financial Statements Audit Service.

Whilst acknowledging that there is now no requirement to have differing audit services and that current contracts may be rolled forward on an annual basis, given the length of time since both sets of auditors were appointed, the Committee concurred that a tendering exercise to test the market is now appropriate.

Having reviewed the current performance of the audit services provided, the Audit Committee agreed to recommend to the Corporation the continuing engagement of both sets of auditors for a further year i.e. 2019-20 with a tender exercise then being conducted by the Audit Committee at the beginning of 2020 for a recommendation to be made to the Corporation at its meeting in March 2020.

Meanwhile, the Vice Principal Corporate Resources is to review the audit fees of the respective audit service providers.

**1400 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
- Financial Statements audit arrangements 2018-19
- Internal Audit Plan 2019-20
- Review of the Performance of the Financial Statement’s Auditors
- Procurement of audit services
- GDPR

**1401 ACTION POINTS ARISING FROM THIS MEETING OF THE COMMITTEE**

- Review of the format of the College Risk Register.
- Recommend to the Corporation the continuing engagement of both sets of auditors for a further year i.e. 2019-20 with a tender exercise then being conducted by the Audit Committee at the beginning of 2020 for a recommendation to be made to the Corporation at its meeting in March 2020.
- Vice Principal Corporate Resources to review the audit fees for the respective audit service providers.

**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**