# Waltham Forest College

**THE CORPORATION OF WALTHAM FOREST COLLEGE**

**AUDIT AND RISK COMMITTEE**

**MINUTES OF THE MEETING HELD ON 10 JUNE 2025**

## MEMBERS OF THE COMMITTEE

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| Renatta Nzomono (Chair) | present | Member |
| Simon Deschenes (Vice Chair) | present | Member |
| Gbeminiyi Soyinka | present | Member |
| Paul Clarke | present | Member. |
| Francis Itoadan | present | Co-opted Member |

## CLERK TO THE COMMITTEE

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|---|---|
| Naomi Shoffman | Director of Governance (DoGov) |

## IN ATTENDANCE

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|---|---|
| Janet Gardner | Principal & Chief Executive |
| Abena Rodman-Tay | Deputy Principal Finance & Resources (DPFR) |
| Stephen Pringle (SP) | Internal Auditors - Wylie Bisset |
| Stuart McKay (SM) | External Auditors – MHA |

### 1678. ATTENDANCE OF THE PRINCIPAL AND OTHER COLLEGE MANAGERS AT THE MEETING OF THE AUDIT AND RISK COMMITTEE

The Committee agreed that the Principal, and the Deputy Principal Finance and Resources (DPFR) are invited to attend the meeting.

### 1679.WELCOME AND APOLOGIES

The Chair welcomed all attendees and in particular Mr Clarke and Mr Itoadon to their first meeting There were no apologies.

### 1680. DECLARATIONS OF INTEREST

No new declarations of interest were made.

### 1681.APPROVAL OF PREVIOUS MINUTES

The minutes were approved subject to a small amendment in 1665.

### 1682 MATTERS ARISING

Updates were provided on outstanding action items.

### 1683 FINANCIAL STATEMENTS 2024/25 – AUDIT PLANNING MEMORANDUM

SM presented the external audit strategy for the upcoming financial year. The memorandum outlined the scope, audit methodology, timeline, and risk assessment as follows:
- Scope: The audit will focus solely on Waltham Forest College, with no subsidiaries included.
- Materiality:
  - Overall materiality is calculated at  approximately 2% of total income.

- o Performance materiality is set slightly lower to ensure caution in borderline cases.
- o Any audit issues above the agreed threshold will be reported to the Committee; items below will be flagged internally to management.

•Independence: No impairments were reported. The only non-audit service is the Teachers' Pension End of Year Certificate which poses no independence risk.

•Timeline: Audit fieldwork is scheduled to begin in October with final reporting by November to support governance reviews.

Key Audit Risks Identified - SM detailed the mandatory and additional risks that will shape the audit's focus:

•Mandatory Risks:
- o Revenue Recognition: Assurance over income classification and recognition, especially from DFE and other restricted funds.
- o Management Override: Journal entry testing using data analytics to detect unusual or high-risk entries.
- o Related Party Transactions: Particular attention to board/governance affiliations, informed by sector lessons.

•Other Risks:
- o Income Entitlements: Focus on funding for bursaries, free meals, and discretionary learner support.
- o Regularity Compliance: Evaluation against the Financial Handbook, flagging novel or contentious financial practices.
- o Capital Expenditure: Emphasis on asset completions (e.g., West Wing, swimming pool) for compliance with policy and proper valuation.
- o Going Concern: No immediate risk noted, but macroeconomic variables will be monitored.
- o Pensions: Volatility in scheme valuations and implications from potential changes in Crown Guarantee.
- o FRS 102 Changes: Anticipation of lease accounting shifts from August 2026.

• Sector and Regulatory Updates
- o New Frameworks: The F&G Framework will replace the existing Audit Code of Practice, standardising external auditor expectations.
- o Regulatory Compliance: The Economic Crime and Corporate Transparency Act (ECCTA), effective from September 2024, mandates rigorous anti-fraud controls.
- o FRS 102 Reform: Changes in lease accounting standards from 2026–27 will affect reporting of leased assets and commitments.

SM concluded his presentation and invited questions /comments.

Questions/topics raised and discussed by the committee members covered the following:
- Cyber risk falls outside the external audit scope and is covered by internal audit.
- Related party transaction risks were explained, with none significant currently.
- VAT updates are pending based on sector litigation.
- Fraud control updates are encouraged in light of ECCTA.
- Assurance about timely audit completion and readiness for FRS 102 were given.

**The Committee noted the Financial Statements 2024/25 Audit Arrangements.**

**1684.INTERNAL AUDIT REPORTS**

**SP presented the following two Internal Audit Reports:**

**1. Human Resources Internal Audit Review**
Conclusion: Strong level of assurance
Key Outcomes:
- Only 3 low-grade recommendations were made.
   7 examples of good practice identified.
- Assurance level is higher than sector benchmark.

Key Discussions:
- Committee was assured all agreed actions are underway.
- monitoring HR practices like sickness and workforce planning are included in regular reports to the Finance & Resources Committee.

## 2. Follow-Up Review
Conclusion: 100% implementation of 8 audit recommendations
SP commended the College's responsiveness and management's oversight.

Discussion Highlights:
- The Chair raised a discrepancy in the tracker regarding prompt payment targets. The DPFR clarified that this was an external audit item and not included in the internal audit follow-up scope. This is being tracked and will be reviewed by external auditors at yearend.
-The Committee praised progress and agreed it reflects a mature internal control environment.

The committee expressed overall satisfaction with the internal audit reports, recognising the importance of continuous improvement and adherence to best practices.

**The Committee received the Internal Audit Reports.**

### 1685.UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

The recommendation tracker was presented.  The DPFR advised that:
- All audit recommendations from College internal and external auditors including specialist organisations are followed-up by SLT monthly to ensure that they are implemented on a timely manner.
- Revised dates set for a few recommendations from previous year has now been completed.
- All recommendations are currently up to date.

Members raised and discussed the following:

Procurement policy action marked as 'Completed' before formal approval by the Corporation. The DPFR confirmed approval is pending; it was agreed to update status from 'Completed' to 'In Progress' until approved by Corporation.

HR Policy Updates (Lines 163 & 165) items remain marked as 'Open'; no work had commenced at last update. The DPFR advised that the Director of HR had confirmed both updates are minor and scheduled to be completed  before the June deadline.

The Committee agreed that:
- Audit action statuses must reflect real-time accuracy to support effective oversight,
- Emphasis be placed on clear status labels (Open, In Progress, Completed) and alignment with milestone timelines.

**The Committee Noted the Report.**

### 1686. INTERNAL AUDIT: AUDIT NEEDS ASSESSMENT AND FULL SCOPING FOR EACH AREA 2025/26

SP presented the proposed Internal Audit Needs Assessment (ANA), outlining the College's internal audit strategy for 2025–2028. The ANA is designed in alignment with the Global Internal Audit Standards effective this year. The methodology included structured engagement with senior leadership, a review of the College's strategic risk register, sector-wide benchmarking and emerging risks, evaluation of historical audit coverage, and integration of assurance mapping (Appendix E) and audit universe (Appendix D). Key inputs included strategic priorities, known risk exposure, and external regulatory expectations. SP then highlighted the following:

- The audit team brings a blend of strategic, operational, and technical expertise to deliver the multi-year plan.
- The Operational Plan for 2025/26, scope and visits' dates for each review.
- The Summary of Internal Audit input.
- The Grading Structure used.
- Audit Process and Supporting Materials
- Number of days 32 per year.
- The Auditors Key Performance Indicators.
- The list of some of the training topics which WB would be able to offer Waltham Forest College.

SP concluded his presentation and invited questions /comments.

Questions/topics raised and discussed by the committee members covered the following:

- Subcontracting Audit Duration: Clarification was requested on the extended timeframe for subcontracting audits. It was explained that the audits now occur on a triennial basis, with expanded scope to meet Greater London Authority (GLA) compliance requirements.
- Room Utilisation Audits: The rationale behind auditing room usage was queried. It was clarified that room utilisation is strategically linked to curriculum delivery ,resource optimisation and Estates Capacity issue
- Access Controls in Internal Audits: An enquiry was made about whether access controls within systems are covered by internal audit. It was confirmed that basic access control checks are included as part of standard audit procedures.
- Financial Assurance Coverage: Assurance over fundamental financial controls was queried. These are addressed through the recurring financial controls audit cycle.
- Training Opportunities for Committee Members: Clarification was sought on how training is delivered. Training can be arranged before committee meetings or independently, covering areas such as risk, fraud awareness, finance for non-specialists, and cybersecurity. The DoGov advised that training needs will be finalised and scheduled early in the next academic year.
- Risk Register mapping to Audit Objectives: A request was made to explicitly map strategic risk to audit objectives.  It was noted that risk themes are embedded in Appendix E. The suggestion for clearer articulation of risk mapping  was acknowledged for potential future implementation
- Distinction Between ITGC and Cybersecurity Audits: Whether IT General Controls (ITGC) and Application Controls should be treated separately from Cybersecurity was discussed.  It was noted that while currently grouped under Cybersecurity, future audits may scope ITGC as a distinct area depending on priorities. There was a further discussion on ITGC coverage and presentation of risk grouping will be considered in future planning documents.

Members acknowledged the comprehensiveness of the plan and appreciated the alignment with strategic risks.

**The Committee agreed to recommend approval of the plan to the Corporation.**

### 1687. Internal Audit Service Annual Report 2024-25
The Committee received the report which provides an in-depth review of the internal audit activities for the 2024-2025 academic year.

**The Committee noted the Internal Audit annual report.**

### 1688.Risk Management
**1.Ransomeware Incident Response Report**
The DPFR and Director of MIS presented the report on the outcomes of the second cybersecurity incident response exercise conducted at the College. The session aimed to:
- Provide assurance on the College's incident preparedness and technical resilience
- Review outcomes and actions following the exercise
- Reinforce the importance of embedding cybersecurity response protocols across teams

**Key Findings and Outcomes**
- The exercise was widely regarded as well executed, with both technical teams and the Senior Leadership Team (SLT) praised for their engagement, clarity of roles, and effective coordination.
- Feedback from external observers highlighted the College's simulation as among the strongest and most proactive seen, requiring minimal prompting from facilitators.
- Previous recommendations from the first simulation had all been fully actioned.
- Five new commendations were made covering both technical and non-technical issues which the DPFR confirmed will be implemented.

**Annual Testing Commitment**
- The Principal confirmed that the College intends to conduct these exercises annually, integrating them into broader policy testing, including:
  - Cybersecurity Policy
  - Business Continuity Plan
- These exercises also serve as orientation and scenario training for new members of SLT and second-tier leadership.

Questions/topics raised and discussed by the committee members covered the following:

- Tracking of Recommendations from Simulations: Enquiry was made into whether recommendations arising from simulation exercises are recorded on the official action tracker. It was confirmed that all recommendations, including those from scenario-based exercises, are recorded and monitored via the action tracker.
- Rating of DISC Recommendations: Clarification was requested on whether JISC recommendations are rated by level of severity (e.g., high/medium/low). It was noted that recommendations from JISC exercises are not formally rated, as these reviews are not full audits but scenario-based evaluations. Nevertheless, all recommendations are actioned.

The Chair and Principal reiterated that cybersecurity remains one of the College's top risks and is currently outside the institution's risk appetite.

The Committee welcomed the assurance provided by the exercise and commended the proactive culture surrounding cyber resilience. The clear improvement and professional execution of this second exercise demonstrated maturity and preparedness across both technical and leadership teams.

**The Committee noted the report.**
**2.Risk Register Update**
The DPFR presented an update on the college's risk register. The top 4 Strategic Risks are Funding and Policy Changes, Estates and Carbon Neutrality  People and Skills Shortages and Cyber/ICT.
- The Chair confirmed with the DPFR that action plans are being developed for areas outside risk appetite tolerance.

**The Committee noted the updated College Risk Register.**

**1689. <u>Review of Committee's Terms of Reference and Cycle of Business</u>**

The Committee undertook the annual review of the Committee's Review of Committee's Terms of Reference and Cycle of Business and noted the recommended changes.

**The Committee agreed to recommend the Committee's Terms of Reference and Cycle of Business to the Corporation for approval.**

**<u>1690.AUDITORS DISCUSSION WITH COMMITTEE MEMBERS</u>**
No issues were raised.

**<u>1691.DATE OF NEXT MEETING</u>**

Autumn term tbc


**19.38 Finish**


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

.………S Deschenes………………………………………….         ………27 November 2025………………………..

Signed                                                    Date