

Waltham Forest College



THE CORPORATION OF WALTHAM FOREST COLLEGE

AUDIT AND RISK COMMITTEE

MINUTES OF THE MEETING HELD ON 26 NOVEMBER 2024

MEMBERS OF THE COMMITTEE

Michael Eichhorn (Chair)	apologies	Member
Renatta Nzomono (Vice Chair)	present	Member
Gbeminiyi Soyinka	present	Member
Remi Iyun	present	Member
Simon Deschenes	present	Co-opted (Independent) Member.
Graham Woolnough	present	Co-opted Member

CLERK TO THE COMMITTEE

Naomi Shoffman	Director of Governance (DoGov)
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IN ATTENDANCE

Janet Gardner	Principal & Chief Executive
Abena Rodman-Tay	Deputy Principal Finance & Resources (DPFR)
Connor McGinley (CMC)	Internal Auditors - Wylie Bisset WB
Stuart McKay (SMK)	External Auditors – MHA (Item 1655 only)
Drushnee Rajanah (DR)	External Auditors - MHA

1648 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.

1649 WELCOME AND APOLOGIES FOR ABSENCE

Apologies were received from Mr Eichhorn who has taken a short leave of absence. Ms Nzomono who was chairing, checked that everyone could hear and see each other and welcomed all to the meeting.

1650. 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.

1651. MINUTES OF THE MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON 11 JUNE 2024

Part one and Part two Minutes of the Audit and Risk Committee meeting held on **11 JUNE 2024** were reviewed and approved with the following minor amendment:

Correction of a typo in section 1640 ("we we" changed to "we").

1652. MATTERS ARISING

Pending action items from the previous meeting were discussed. The Chair advised that the RAS action will be addressed in the next meeting following discussions between her, the Principal and the DPFR.

1653. INTERNAL AUDIT SERVICE ANNUAL REPORT (2023-2024)

CMC presented an in-depth review of the internal audit activities for the 2023-2024 academic year. He highlighted areas of strong performance and opportunities for improvement, while emphasising the college's robust governance, risk management, and internal control processes.

CMC then highlighted the following points:

- The Specific Focus Areas Audited:
- Assurance Levels:
 - Overall, the internal auditors provided a Strong Assurance opinion, the highest available rating. This reflects the effectiveness of the college's internal controls and governance mechanisms.
- Audit Findings:
 - Six Low-Priority Recommendations: Spanning five reviews, these minor findings did not indicate systemic risks but suggested enhancements for procedural efficiency.
 - Follow-Up Actions: Two partially implemented actions were noted, one medium-priority and one low-priority. Management committed to resolving these by 2025.
- Benchmarking Results: CMC shared benchmarking data showing that the college outperformed peer institutions with fewer audit recommendations and stronger compliance with regulatory requirements.

The Committee discussed the following points:

- Benchmarking Approach: Governors sought clarification on the methodology used. CMC explained that data from similar colleges with comparable risk profiles was included, ensuring an accurate comparative analysis.
- Partially Implemented Actions: The Committee stressed the need to ensure these outstanding actions are resolved. Management reassured governors that updates will be provided in subsequent meetings.
- Sector Trends: A member queried why no high-priority recommendations were reported across the sector. CMC noted this reflected widespread improvements in compliance and internal controls.

The Committee praised the comprehensive audit report and the management team's commitment to maintaining high standards. The Committee emphasised the importance in implementing the remaining actions to sustain the college's strong assurance status.

The Committee received the Internal Audit annual report.

The following Board and Members of the Finance and Resources Committee joined the meeting for the items presented and recorded at minutes 1654-1656: Messrs Butler, Seyyad and Bell.

1654. CAPITAL PROJECT PLANNING

The Principal and DPFR presented the proposal to secure planning permission for a new four-storey building. This project is aligned with the college's strategic goals of addressing space shortages and preparing for future student growth. They went through the key details of the proposal as follows:

- Project Overview:
 - The building will replace an outdated single-story construction facility and temporary classrooms, which are no longer fit for purpose.
 - The proposed facility will add approximately 3,058 square meters of additional teaching and administrative space.
- Budget and Cost Justification:
 - £300,000 is required to secure planning permission, covering design, consultations, and initial planning fees.
 - This upfront expenditure positions the college for potential government funding opportunities in 2025.
- Risk Mitigations:
 - If planning permission is denied, the expenditure would become a sunk cost.
 - Management outlined contingency plans to absorb this financial risk through existing reserves.

The Committee discussed the following points:

- Flexibility: Governors asked about alternate uses for the site if full funding for construction is unavailable. The Principal confirmed that the site could be adapted for modular structures or other interim solutions.
- Community Concerns: Anticipating objections from residents of nearby developments, management emphasised the importance of initiating the process proactively.
- Planning Permission Validity: The permission would remain valid for 3-5 years and could be indefinitely extended once preparatory works commence, ensuring flexibility in the timeline.
- The Committee discussed the risk of the project not taking place but agreed on balance on the investment to keep options open to the college for the future.

The Committee approved the £300,000 recommendation for corporation approval, noting its strategic importance and the need to maintain flexibility in future planning.

1655. FINANCIAL STATEMENTS 2023/24

SMK presented the draft Financial Statements Report, Audit Findings Report, Regularity Audit Self-Assessment Questionnaire 2023-24 (SARQ), Letter of Engagement, and Letter of Representation prepared by the Financial Statements Auditors (McIntyre Hudson) for 2023-24. SMK commended the College's strong financial management and compliance with regulatory standards and highlighted the following points:

- The Statutory annual accounts show an 'Outstanding' Financial Health, healthy cash reserves and cash flows.
- The key areas of audit focus/risk which had been identified as part of the overall audit strategy and how they have been resolved.

SMK then went through the audit findings recommendations and management responses.

- Key Findings
- The Key Risk Areas Reviewed.
- Adjustments made.
- Recommendations – Two advisory low priority recommendations were made. One being a minor delay in updating the investment policy following an increase in deposit limits (this has now been implemented) and Prompt Payments being below the government target of 95%. Areas of best practice in the College were also highlighted.
- Audit Opinions - the audit work on the accounts is now substantially complete and SMK anticipates issuing unqualified 'true and fair' and 'regularity' audit opinions for the College, for the year ended 31 July 2024. Regularity Opinion: No issues were identified regarding the

appropriate use of public funds.

The Committee discussed the following points:

- Prompt Payment Performance: Governors expressed concern about ongoing delays linked to the "no purchase order, no pay" policy. Management committed to further training and communication to improve compliance.
- Materiality Thresholds: SMK clarified that the unadjusted misstatement fell well below the 2% income threshold, posing no material risk.
- Sector Comparison: The college's clean audit results and minimal adjustments positioned it as a leader in financial management within the sector.
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The draft Financial Statements Report and accounts, Key Findings, Regularity Audit Self-Assessment Questionnaire and Letter of Representation for 2023-24 were noted and subject to some minor changes recommended to the Corporation meeting on 17 December 2024 for final approval.

1656. POST-16 AUDIT CODE OF PRACTICE 2024

The Committee noted the Post-16 Audit Code of Practice 2024.

All members of the Board other than members of the Committee withdrew from the meeting.

1657. RISK MANAGEMENT

The DPFR presented an update on the college's risk register, reflecting adjustments to key risk areas in response to recent developments.

The Committee discussed the following points:

- Risk Appetite Framework: The Chair proposed revisiting the framework to better align with the college's strategic goals. Mr Deschenes and Mr Soyinka volunteered to assist.
- Workforce Well-Being: Governors emphasised the importance of monitoring staff morale and workload post-"Outstanding" Ofsted rating.

The Committee received and noted the updated College Risk Register.

1658. AUDIT AND RISK COMMITTEE ANNUAL REPORT

The DoGov spoke to the draft Audit and Risk Committee Annual Report for 2023-24. The report also includes the self evaluation, and effectiveness of the committee. The annual report follows a standard format, is mainly factual and is a requirement to produce one, summarising the Audit and Risk Committee's work throughout the year to provide assurance to the Board. The DoGov then detailed key sections of the report, noting that paragraph 21 would be updated with accurate financial figures, and paragraph 25 would be corrected to reflect the correct year as "2023-2024."

The DoGov then went through the self assessment outcomes, highlighting that the Committee had assessed its work as Outstanding in the previous year and proposed maintaining this assessment. The DoGov reiterated the committee's accomplishments, including oversight of audits, risk management, and regulatory compliance, justifying the Outstanding grade.

The Committee discussed the following points:

- The Chair noted the committee's scenario planning and risk assessment work, highlighting its impact on decision-making. She supported the proposed Outstanding grade, acknowledging the committee's role in challenging and guiding the corporation effectively.

- Other members Supported the grade but stressed the importance of continuous improvement and avoiding complacency.
- A member raised concerns about reporting unresolved questions to the corporation which the Committee further discussed and agreed to:
 - That the audit planning approach during annual reviews suffices and does not necessitate discussions for each audit.
 - Remove or resolve the open-ended question about the benefit of additional meetings, emphasising the adequacy of current governance structures.
 - Update the final report to reflect these decisions.

The Chair thanked the committee members for their contributions and insights, reinforcing the importance of their work in maintaining high governance standards.

The Committee Agreed to Recommend To The Corporation The Annual Report Of The Audit And Risk Committee 2023-24 And The Committee Self Assessment Grade Of Outstanding For Its Performance And Effectiveness During 2023- 24.

1659. PERFORMANCE INDICATORS

The DoGov presented the draft Performance indicators for the internal and external auditors. The auditors will be asked to review their performance at the beginning of next term with all committee members, and any members of staff who have been involved with the audits being asked to complete the relevant questionnaires. The outcomes will be compared to the Auditors' own self-assessment and brought to the next meeting. The Committee suggested some minor amendments for clarity.

The Committee agreed the actions as listed above.

1660. DATE OF NEXT MEETING

11 March 2025

1661. ITEMS TO BE ADDRESSED AT FUTURE MEETINGS OF THE AUDIT AND RISK COMMITTEE

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

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

1662. ACTION POINTS ARISING FROM MEETINGS OF THE COMMITTEE

19.18 Finish

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

.....R Nzomono

Signed

11 March 2025.....

Date