

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE
MEETING OF AUDIT AND RISK COMMITTEE – 03.12.2021 (VIRTUAL)
CONFIRMED MINUTES

PRESENT: A Coleman-Cooke (CG), R Anderson (CG), S Green (EM), L Holdsworth (EM).

For Item 3 only: R Davies (CG); H Ashton (CG); M McClintock (CG), M Ellis (Staff Governor).

AUDITORS: M Gibson (RSM), D Hoose (Mazars).

OFFICERS: Z Foster (Clerk), M Russell (VP – Finance and Registry), S Marshall (ED – Digital and Campus Services), R Shuttleworth (Director of IT)

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|------------|-------------------------|----------------------|
| Key | CG - College Governor | EM - External Member |
| | ED – Executive Director | VP - Vice Principal |

1. Apologies for Absence

I Wright (Chair and CG); P Church (RSM); R Barnett (RSM); R Walker (Mazars).

It was noted that A Coleman Cooke would chair the meeting in I Wright's absence.

M Gibson from RSM was introduced to the Committee.

2. Declarations of Interest – no declarations

3. Financial Statements 2020/2021

Members of the wider Governing Body were welcomed for this item to hear and comment on the audit findings from Mazars.

3.1 Audit Findings Management Letter

D Hoose (Mazars) gave a summary of the External Auditors work and how it fit in with ESFA and the Post 16 Audit Code of Practice requirements. He drew attention to key aspects of the management letter and concluded a clean audit with no outstanding concerns. He thanked M Russell and the team for their cooperation and support.

Questions included: clarification re impairment review and notes.

Some minor clarifications were **agreed** to the Management Response and subject to those, the Management letter would be proposed for adoption at the Governing Body meeting on 16 December 2021.

3.2 Financial Statements Overview – M Russell

M Russell gave a positive report on the financial statements. He outlined some final audit work on TTE Technical.

Questions included: Financial Health scoring currently and factors which may affect this including future changes to the scoring system.

The 2020/2021 Financial Statements 3.2.1 – 3.2.6 (*Middlesbrough College, Northern Skills Group Limited, Northern Apprenticeship Group Limited, TTE Technical (UK) Ltd, TTE International Ltd and TTE Apprenticeships Ltd*) were **agreed** to be presented for approval

by the Governing Body, prior to them being signed and returned to the Education and Skills Funding Agency before the 31 December 2021 deadline.

The additional Governors in attendance for Item 3 left the meeting.

4. Unconfirmed Minutes of 17.09.2021

The minutes were approved as a correct record.

5. Matters Arising not on the Agenda – Item 6 was picked up under AOB (Item 13).

6. IT Security Action Plan Update

S Marshall gave an update to the Committee on recent issues and detailed resulting actions.

6.1 Draft Digital Strategy

R Shuttleworth detailed actions related to progressing the strategy including: improving resilience and functionality, accidental damage and resulting improved works with a third fibre line; pen testing update, new firewalls, cloud to cloud backup, server estate update and extended IT support hours for staff. He also detailed the next stages including improving file systems, moving the VDI and greater MFA controls.

Questions and discussion included: server monitoring and actions; reassurance re compliance and liabilities; migration to cloud progress; project manager update; cyber security; clarification on any slippage in the digital strategy and associated timelines/contingency; widening Cyber Essentials scope; and further critical path analysis work.

The Committee welcomed the draft digital strategy and looked forward to a further update at the March meeting.

7. Audit Matters 2020/2021

7.1 Risk Management Annual Report 2020/2021

The Committee received the report and **agreed** to recommend to the Governing Body approval of the report as part of the Annual Audit and Risk Report 2020/2021.

8. Annual Report of the Audit and Risk Committee

After consideration, the **Committee agreed** to recommend to the Governing Body approval of the 2020-2021 report at the meeting of 16 December 2021, which included:

- the 2021-22 Internal Annual Audit Plan
- Terms of reference for the Committee
- the 2020/2021 Internal Audit Annual Report
- the 2020-2021 Audit Findings Management Letter (Item 3.1)
- the Risk Management Annual Report (Item 7.1)

It was noted that after approval the report would go to the Education and Skills Funding Agency (ESFA) alongside the financial statements.

9. Exception Report

M Russell gave a brief overview of progress.

10. Internal Audit 2021/2022 – M Gibson from RSM presented on the following audit reports:

10.1 Key Financial Controls – Payroll - the audit was confirmed with 'reasonable assurance' with robust controls in place.

Resulting management actions were discussed including an update on access positions and duplicate payments.

10.2 Capital Projects - an outcome of 'reasonable assurance' had been given and the small number of management actions were discussed.

10.3 Progress Report - good progress was reported at this stage.

11. TTE Apprenticeship Funding Audit by ESFA

M Russell gave a verbal report on this ongoing audit (outwith the plan) for TTE Technical and the reasoning behind it. He outlined the initial feedback with a full audit report coming to the March meeting of Audit and Risk Committee for consideration.

12. Risk Management Update

M Russell gave an overview of the registers and risk categorisations as a result of the recent SLT Risk Management meeting (minutes of which were in the papers).

Questions and discussion included: updates in relation to the Curriculum Risk Register from the recent Curriculum and Standards meeting; reputational risk; organisational resilience in relation to Financial Health clarification.

13. Any other Business

Deep Dives (from Matters Arising): a number of possible options were discussed including: one aspect of IT; contract management and cross-college staff performance management.

A Coleman Cooke would discuss this with I Wright.

14. Dates of Meetings 2021-2022

14.1 Friday 4 March 2022 at 1pm

14.2 Friday 24 June 2022 at 1pm.

15. Members Discussion – not taken

16. Private discussion with Mazars

S Marshall, R Shuttleworth and M Russell left for this item.

A confidential discussion took place in respect of the audit work over the term.

The meeting closed at 2.35pm