

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE

MEETING OF AUDIT AND RISK COMMITTEE – 30.09.2022

CONFIRMED MINUTES

PRESENT: I Wright (Chair and CG), R Anderson (CG), M McClintock (CG),

AUDITORS: P Church (RSM), D Hoose (Mazars) for Item 5

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

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

1. Private Discussion with RSM and Audit and Risk Committee

To note - this item was taken later in the meeting and College staff left for this item.

A confidential discussion took place with the auditors

2. Apologies for Absence

R Barnett (RSM), S Green (EM).

M McClintock was welcomed to the Committee and he gave a brief overview of his relevant experience.

3. Declarations of Interest –R Anderson declared an interest in relation to the LSIP.

4. Unconfirmed Minutes of 8 July 2022

The minutes were approved as a correct record.

5. Matters Arising not on the Agenda

(6.2) - a brief discussion on cyber training for the Committee took place with agreement that the online offer suggested through Workforce Development might be a useful starting point.

(10.2) - Further deep dives were discussed with cost of living for the College and Student body being suggested – it was clarified that such was the size of this risk, that it permeated throughout all operational priorities. It was **agreed** that Committee attendance at SLT Risk Management might offer a wider involvement in the strategic risk agenda with the Committee agreeing that, subject to availability, one member of the Committee would endeavour to attend future meetings.

6. Financial Statements and Regularity Auditor

D Hoose updated on progress with the forthcoming audit which was due to start the following week.

He also drew attention to sector wide issues including the drop in liabilities for pensions; inflation; and any potential ramifications on the recent term time holiday entitlement ruling.

Questions and discussion included: the potential effect of the Bank of England intervention in Government borrowing on pensions; management of the risk of the financial effects on the College and student body; clarification on the current pension liabilities; and the assessment by HR currently taking place in respect of the term time holiday ruling.

7. **Risk Management Update** - M Russell gave detail of the four interconnected red risks and drew particular attention to staffing retention and recruitment and how the College was approaching this.

K Parkinson detailed the increase in staff turnover including the profile of those leaving and also the related recruitment challenges and College response.

Governors discussed: how the wider Governing Body would be enhancing their knowledge of strategic risk going forward (both at Board and Committee levels) to compliment the delegated responsibility the Audit and Risk Committee had leading on this; recruitment issues including no-shows, matching offers for staff and use of exit interviews, age profile of staff and potential associated risks, work life balance and hybrid working, the likelihood of industrial action and mitigations should this occur and also where this might sit within the risk register, sector funding disparities against schools and HE; the potential effect of increasing staff pay on the budget strategy to which M Russell detailed the current position and future uncertainties; and income for commercial activities and the balance of price pressure and social purpose.

The Committee asked for benchmarking from catering on buying trends between September – December for the next meeting.

The Committee agreed that it was useful for the Risk Management item to continue to be early in the agenda for future meetings.

8. **IT Security Action Plan Update** - R Shuttleworth updated the Committee on the action plan progress including: the outcome of the new line and improved resilience; core network delays and revised plans; MC Click recovery update; and the Microsoft Showcase College status.

Governors' discussion and questions included: noting the impressive return MC click devices and ongoing retrieval and associated depreciation; and the wider communication of the Showcase College status and related student voice videos.

9. **Health and Safety Audit Action Plan** - S Marshall outlined the reasoning for this additional audit (outwith the main internal audit plan) and gave a brief outline of the recommendations. She also detailed the action plan, mitigations, and progress and confirmed there would be a further audit to assess progress at the end of November. She also updated the Committee on new team members to the service area.

I Wright, on behalf of the Committee, commended the approach taken in this key area which gave good reassurance on the commissioning of appropriate auditing.

Governors' discussion included: the importance of staffing within Health and Safety and mitigations for absence; greater detail of the background to some of resulting recommendations; the role of the Health and Safety Committee in monitoring; compliance and exposure risks; and cultural and systemic future changes including ensuring the role of the whole College community.

Z Foster also informed the Committee of the change in Health and Safety Link Governor proposed for the October Governing Body meeting (P Sharp) after the resignation of L Holdsworth.

The Committee would continue to monitor progress at subsequent meetings.

10. **Exception Report** - M Russell presented the report on actions/recommendations post July 2022 and gave an update to the report in respect of Payroll actions.

11. Internal Audit

- 11.1 Annual Report 2021-22 - P Church gave a brief overview highlighting the overall adequate opinion which was a positive outcome. Governors sought assurance in relation to benchmarking against other Colleges and it was confirmed that the audits were ensuring that the right areas were being chosen hence a number of 'reasonable' opinions.
- 11.2 Progress Report – P Church gave an update on planning and the Committee **agreed** a swap in timing for Risk Management and GDPR.
- 11.3 Annual Subcontracting Controls Audit Report and 11.4 TVCA Subcontracting Controls Audit Report - P Church reported on both subcontracting control reports which were compliance led against the agreement and rules. M Russell provided some additional detail.

Governors queried whether the audits were shared with Curriculum and Standards Committee and it was **agreed** that they would be cross referenced when the Committee considered their specific strategic risks.

- 11.4 Updated Internal Audit Plan 2022-2023 was for information after the agreed changes at the last meeting in July.

12. **Regularity Audit Self Assessment Questionnaire 2021-2022** – M Russell presented the completed questionnaire and additional ANNEX B (required due to Covid).

Governors asked for further detail in relation to section 9 ahead of approval.

It was **agreed to recommend that the 2021/ 2022 Regulatory Audit Questionnaire be approved by the Governing Body (subject to agreed additions).**

To Note: - Neither set of auditors were present for Item 13 onwards

13. **Performance Indicators 2021-2022 and 2022-2023** – M Russell presented the indicator documents for 2021-22 for both sets of auditors and gave assurance on re-appointment based on performance.

After discussion, the recommendations below were agreed for approval by the Governing Body at its meeting of 17 October 2022:

- The outcome of the 2021/ 2022 Performance Indicators for the Internal Auditor (*RSM*) is received for information and approved for their accuracy.
- Confirmation of the re-appointment of the Internal Auditor (*RSM*) for a period of one year commencing 1 August 2022.
- The outcome of the 2021/ 2022 Performance Indicators for the Financial Statements / Regularity Auditor (*Mazars*) is received for information and approved for their accuracy.
- Confirmation of the re-appointment of the Financial Statements / Regularity Auditor (*Mazars*) for a period of one year commencing 1 August 2022
- The 2022 / 2023 Performance Indicators for the Internal Auditor (*RSM*)
- The 2022 / 2023 Performance Indicators for the Financial Statements / Regularity Auditor (*Mazars*)

14. **Members Discussion** – a confidential and detailed discussion took place on two items with guidance given to direct M Russell in relation to the first of these.

15. **Dates of Next Meetings 2022-2023** were noted as was a reminder that all Governing Body members were invited to hear the External Auditors report on the Financial Statements 2021-22 in December.

16. **Any other Business** – none taken

The meeting closed at 3.50pm