

**THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE**  
**CONFIRMED MINUTES OF 11.12.2025 MEETING OF AUDIT AND RISK COMMITTEE**

**PRESENT:** R Anderson (Chair/CG), D Budd (CO), G Dobson (CG), M McClintock (CG), P Neal (CG), I Wallace (CG).

Additional:

Z Lewis (CEO/Principal) for Items 4 and 6

Item 4: P Lynn (Vice Chair of GB/CG); K Marshall (Student Governor), L Woods (Chair of GB/CG)

**OBSERVING:** A Lewis

**AUDITORS:** R Barnett (RSM) via Teams from 1.30pm, D Hoose (Forvis Mazars) via Teams, S Pringle (WBG) via Teams.

**OFFICERS:** Z Foster (Head of Governance), S Marshall (VP – Digital and Campus Services), O Rodley (VP – Quality and Performance), C Whitehead (VP – Finance and Registry), M Wilson (Exec. Dir. Finance).

CG - College Governor

CO – Co-opted Governor

VP - Vice Principal

**1. Private Discussion with Forvis Mazars and Audit and Risk Committee**

Members of staff, R Barnett (RSM), S Pringle (WBG) left for this matter while a private discussion took place

**2. Apologies for Absence**

A Coleman Cooke (CO), M Wells (CG), A Mullens (RSM) and G Gillespie (WBG).

Amy Lewis was welcomed to the Committee as an observer.

**3. Declarations of Interest**

- R Anderson declared any relevant interest in respect of LSIP and the Stamp Exchange in Newcastle (as the NECC are NSG's landlord).

**4. Financial Statements 2024-2025**

Four members of the wider Governing Body were present to hear and respond to the audit findings from Forvis Mazars and the financial statements overview by C Whitehead.

**4.1 Audit Findings Management Letter** (within the draft audit completion report)

D Hoose (Mazars) gave a summary of the External Auditors work for the 2024-25 accounts, confirming an unqualified opinion without modification. The final version of the audit completion report would be ready to send to the DfE with the signed Financial Statements, as all remaining actions had been fully completed. He thanked C Whitehead, M Wilson and the Finance team for a smooth audit process.

**4.2 Financial Statements Overview**

C Whitehead gave an overview of the audit activity which had resulted in an unqualified position with nothing highlighted for action. She also confirmed that the process had been successfully completed earlier than the previous year, which was incredibly positive.

An account was given in respect of removing dormant companies going forward, noting some complications relating to Gift Aid for TTE UK which may mean that remained.

The final outturn of £66k surplus was outlined, including presentational reasons for variances with the Management Accounts, with Financial Health remaining as 'good'.

Some clarifications were given regarding note 8 in respect of Access and Participation spending and a further query in relation to some salary band categorizations. Action by C Whitehead - to check i) note 8a re decline in HE students and ii) some salary category band inputs.

Z Lewis reminded the Committee of the concerns of capacity (Finance Team) last year, making it pleasing to hear the success of the recent audit, particularly with two new senior leaders in the team (and non FE specialists) and a new management system. Thanks was extended to the whole Finance team.

The Committee **approved** the recommendation to the Governing Body of the draft Audit Completion report.

The Audit and Risk Committee then recommended for **approval** by the Governing Body the four sets of financial statements (as outlined below) subject to any minor amendments:

- 4.2.1 Middlesbrough College
- 4.2.2 Northern Skills Group Business Services Ltd
- 4.2.3 TTE Technical (UK) Ltd
- 4.2.4 TTE International Ltd

The College Governors were thanked for their attendance and then left the meeting at 1.13pm.

## 5. RSM Internal Audit

*R Barnett joined the Committee meeting at 1.30pm*

**5.1 DfE Bootcamps Audit Report** – this was detailed under the Exception Report item (Item 10).

### 5.2 Internal Audit Report and Opinion

R Barnett introduced the 2024-2025 audit report and overall opinion which was '**green**' – '*the organisation has an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness*' – confirming an excellent result (and the highest achievable).

He outlined that the assurances performed across the course of the year with a complement of green audits; a positive Follow up; no high management actions; all actions raised having been accepted with management plans in place; and with advisory audits also not having high management actions, led to the overall very positive opinion for the College.

R Barnett thanked management for their support over the audit year.

Governor questions, challenge and discussion included: detail behind 'reasonable progress' on follow up with confirmation on actions relating to procurement (*detailed within Item 8.4*); whether the opinion was usual for the sector with it being confirmed as a very strong outcome (being the single one given over the year) with congratulations given to the teams involved.

Mutual thanks were shared between RSM, Management Team and the Committee, at the end of RSM's contractual obligations to the College, with R Anderson giving particular thanks to R Barnett and RSM team for their work over their term since 2018.

*R Barnett left the meeting after this item.*

6. **Unconfirmed Minutes of 26.09.2025** – were approved as a correct record.

## 7. Matters Arising not on the Agenda –

Several matters arising items were discussed including:

i) Review the revised HE governance structure – O Rodley gave an update in relation to the HE governance structure particularly in respect of the application for Degree Awarding Powers (DAPs) and the role of the Academic Board and HE Committee, with a DAPs working party having been set up with the first item of business to consider the structure of HE governance. In addition, there would be a deep dive into HE as part of the Strategic Plan consultation.

This was discussed by the Committee in some detail, led by M McClintock (as Chair of HE committee), particularly in relation to any delays to the DAPs process (which was likely due to any review/restructure), increased HE student numbers, and a positive shift in national policy on HE for colleges (as part of the Skills White paper).

ii) Fraud Assurance update – a further SLT workshop was due to take place during January

iii) New risk Management register platform – O Rodley drew attention to the possibility of a new Risk Management model being considered with a demo having been given by One Advanced on 11 December (M McClintock and Z Foster in attendance). He confirmed that if such a system was implemented to would cover the sort of risk assurances that the Committee had discussed previously.

This was discussed by the Committee in relation to alternative models/procurement practices, costs of the system, security and ease of usage (particularly in relation to linking assurances). O Rodley would update the Committee accordingly.

## 8. Risk Management Update (including risk registers)

Z Lewis gave a brief appraisal focusing on:

- A good set of statutory accounts with credit to the Finance team
- Noting the strongest management accounts with more headroom, prudence, and cash in the bank
- Headlines from a newly commissioned benchmarking report by the College including that the College was efficient particularly in Curriculum; and that the finance team was small for a college of this size (which may lead to further strengthening), with further detail coming to the February Strategic Planning session
- Cyber and procurement updates (individually addressed later in the item)
- Risk Registers – changes noted including: split of local and national stakeholders, addition of AI; focus on Financial Management and Control (Finance graded 3 in SAR) while changes were being worked through over the next 18 months; increase in risk for Government Policy due to rapid change with the new Skills White paper (including V Levels) and an update in relation to Eton College (with decisions being imminent).

08.2 – Hope Foundation and Implications – Z Lewis gave the detailed background of the closure of Hope Foundation particularly support for current learners which was being managed at 2QS, noting that the Corporate Services and Curriculum and Standards Committees had also been appraised.

Governor questions, challenge and discussion included: the mechanisms for payment (where it was confirmed there was no financial risk); support to enable current learners to complete which was going well; discussions with Middlesbrough Council re alternative support for this difficult to reach cohort; the lack of forewarning of collapse and potential reasons (including reduction in funding for some aspects of Hope's subcontracting work with the College) and impact (including reputational for the College and possible mitigations); the potential role of the College in relation to reporting to the Charity Commission; whether subcontracting collapse should be in the risk register now this has occurred with one subcontractor; confirmation of due diligence approaches by the College on subcontractors and whether these need to be enhanced further; and any further learning from the incident for subcontracting more widely (which was reported and monitored via two committees and the Governing Body termly).

The Committee **agreed** that it was sad news that the provision had folded as it had successfully supported hard to reach learners over its tenure.

Action by Z Lewis – to investigate whether the College needed to report this as a serious incident to the Charity Commission and to look at the due diligence processes (including governance).

8.3 – IT Security and Compliance Report – S Marshall introduced the summary and full document provided by R Shuttleworth as per the request from the Committee.

Committee members confirmed that both reports provided considerable assurances and extended their thanks to R Shuttleworth.

It was confirmed that penetration testing did take place (weekly).

Discussion included: Plans to have a further external activity to give further assurances; requirements on all colleges by the DfE in relation to cyber; the benefits of being a Microsoft Showcase College in this regard and benchmarking findings which found a high number of licences, low number of front line staff but higher number of back office with reasons behind this structure outlined.

8.4 – Procurement Update – C Whitehead talked to her report confirming that a comprehensive review had taken place of procurement activity and that whilst the College was both compliant and effective, there was a need for stronger contract management to ensure best practice. She detailed the review of the Scheme of the Financial Management and Controls document (approved by Corporate Services Committee) drawing attention to procurement limits, mandatory purchase orders, referencing, spend controls, credit card usage and establishment of a contracts register. She also confirmed that procurement was due for internal audit in 2026-2027.

The Committee discussed: the education and training of staff on changes with confirmation that two tier plans were being developed to ensure this; and potential consequences if staff deliberately flaunting disaggregation of purchases which would be in line with any disciplinary action.

8.5 Risk Management Update including minutes and registers. O Rodley gave a high level account of movement within the strategic risk register since the last meeting, drawing particular attention to the one remaining red risk (staff recruitment and retention).

Discussion included: positive relationships with TVCA and likely future changes to funding settlements; and acknowledgement that the risk management process was being managed appropriately. R Anderson confirmed her attendance at the next SLT Risk Management meeting in February.

8.6 Risk Management Annual Report 2024-2025 – O Rodley gave a brief overview of the annual report.

The **Committee agreed** to recommend to the Governing Body **approval** of the report as part of the Annual Audit and Risk Report 2024-2025.

## 9. Annual Report of Audit and Risk Committee

Z Foster and R Anderson outlined the detail of the statutory annual report and overall purpose. The Committee shared their support for the Chair's statement.

The full report and appendices as outlined below were **agreed** to be recommended for **approval** at the meeting of the Governing Body on 17 December 2025:

- the 2024-2025 Annual Report of the Audit and Risk Committee which includes:
- the 2025-26 Internal Annual Audit Plan
- Committee terms of reference
- the 2024-2025 Internal Audit Annual Report
- the 2024-2025 Audit Findings Management Letter (Item 4.1)
- the 2024-2025 Risk Management Annual Report (Item 8.6)

## 10. Exception Report

O Rodley gave an update to the exception report, noting the inclusion of actions from the most recent Skills Bootcamp audit (RSM), all of which had all been completed. He also included the DfE Project S audit (shared with the Committee in September) in the audit tracker and detailed progress against the actions.

The Committee discussed and challenged: the number of actions relating to attention to detail and perception of this with confirmation that the College had responded with an additional audit function within the Registry team to bolster the audit function thereby increasing risk compliance and detail of what this might involve was highlighted including more sampling; the national picture and risks associated with new products (such as bootcamps); and the DfE Project S audit more generally with assurances having been sought directly on the report;

Clarification was given on abbreviation of PD Sat = Provider Data Self-Assessment toolkit and its usage for checking data before it was sent off with examples given.

## 11. WBG Internal Audit Verbal Update

S Pringle outlined the proposed changes to the audit plan for two HR related audits for consideration by the Committee after discussion with management colleagues.

The Committee discussed this in detail including: the appropriate processes for moving audit and related timing and the Audit and Risk Committee's role in this; the concern on backloading of audit reports for the June meeting and minimal ability to swap audits around due to the nature of some (i.e. subcontracting requirements); the late view by SLT of the internal audit plan this year, impact on this and improvements going forward including initial confirmation by SLT leading audits that dates were appropriate ahead of Audit and Risk approval of the plan.

After a considered discussion, the Committee **agreed** that the two audits (EDI and Payroll) dates could be moved and confirmed between management and WBG, provided they were in sufficient time to ensure that reports were received for the March meeting (in addition to the AI audit for March). It was also **agreed** that R Anderson would be kept informed of changes, and in the future, that any such changes should be exceptional, and requested through R Anderson, on behalf of the Committee, in advance.

## 12. Committee Review of Top Risks

After review, the Committee considered that good discussions and assurances had taken place on all risks, and they remained as per the start of the meeting.

## 13. Any other Business

- i) Due to necessary movement of the Remuneration Committee meeting to 16 December, members agreed to delegate to the Chair and Vice Chair of Audit and Risk (as formal members of the Remuneration Committee) the recommendation from June's Search and Governance Committee for A&R to consider the Remuneration Committee's process and decision making (risk management) ahead of recommendation to the Governing Body on 17 December 2025
- ii) S Marshall gave an update to the Health and Safety reaudit confirming this would come to the March meeting (as the audit was taking place 11 December).

## 14. 2025-2026 Meetings

The following meetings were noted:

- o Friday 13 March 2026 1pm – with the External Governance Reviewer observing via Teams
- o Friday 19 June 2026 1pm

## 15. Members Discussion

Members of staff left for this confidential item.

*The meeting closed at 3pm*