

MILTON KEYNES COLLEGE
AUDIT & RISK COMMITTEE
Part 2 Minutes of the meeting held on 30th March 2022
Teams
08:30 – 10:10

| Committee Members | Attendance Record 2021-2022 | Present at this meeting |
|--|--------------------------------------|--|
| Richard Bartlett-Rawlings Alan Cook (Chair) Peter Cox Mat Gotkowski | 2 of 2 3 of 3 3 of 3 2 of 3 | Richard Bartlett-Rawlings Alan Cook Peter Cox Mat Gotkowski (in part) |
| Total percentage attendance this meeting | 100% | 4/4 |
| Total percentage attendance year to date | 91% | 10/11 |

In attendance: Julie Mills (CEO), Martin Owen (Interim CFO), Jason Mansell (Senior Operations Director Prison Services), Miranda Coles (Interim Executive Head of Finance), Karen Brown (Head of Governance), Jon Wilson, Executive Head of IT (in part)
 Simon Cox (Elucidate)

PART 1
Confidential (minuted separately)

PART 2

PROCEDURAL

2.1 Welcome and Apologies

The Committee Chair welcomed everyone to the meeting and thanked them for switching to a Teams meeting due to COVID.
 Mat Gotkowski had sent apologies that he would be late joining the meeting.

2.2 Declaration of Interests

None

2.3 Minutes of the last meeting(s) *(previously circulated as Papers Confidential 2.3A, 2.3B, 2.3C and Confidential 2.3D)*

The Committee approved the minutes:

- ***of the meeting held on 2nd December 2022 (Parts 1, 2 and 3A) (Part 3B was approved on 23rd March 2022).***
- ***of the meeting held on 23rd March 2022.***

There were no matters arising.

3.0 2021/22 ASSURANCE

3.1 Internal Audit 2020/21 Progress Report

Simon Cox advised that four audits relating to the 2021/22 IAS plan had been completed and published since the last meeting (*previously circulated as Paper 3.1*). The Progress Report includes a summary of work completed versus the annual audit plan. The IT Network Internal Audit is in progress and will be reported at the next meeting.

3.1.1 Quality Arrangements

The opinion is that the systems and controls provide '**satisfactory assurance**' (which is the highest level).

There was one 'merits attention' recommendation. The report has been accepted by the College management.

The Curriculum and Quality Group has also received the audit report and at the meeting on 28th March, reviewed the Group Quality Strategy / Policy and recommended this to the Board for approval.

3.1.2 Sports Central

The opinion is that the systems and controls provide '**satisfactory assurance**' (which is the highest level).

There were three 'merits attention' recommendations. The report has been accepted by the College management. A signed copy of the contract with the Council could not be located during the audit.

It was explained that the College pays c.£15k to the Council per annum and the funds are invested to replace the artificial pitch. The facility is used by College sports students during the day and the College operates it commercially, on behalf of the Council, at other times. It is a convenient arrangement and provides a good student experience (prior to this arrangement, the College used its own facilities and hired facilities at Woughton).

Governors challenged the risk of fraud if cash was not being accurately recorded. Miranda Coles assured the Committee that since the audit staff have since been trained and the Finance Team is confident that systems are in place. A stock check is being arranged.

3.1.3 Bursaries

The opinion is that the systems and controls provide '**satisfactory assurance**' (which is the highest level). This represents a significant improvement since the last internal audit.

There was one 'merits attention' recommendation. The report has been accepted by the College management.

3.1.4 Refectories, Training Kitchen & Brasserie: Stock Control

The opinion is that the systems and controls provide '**satisfactory assurance**' (which is the highest level).

There were two 'merits attention' recommendations. The report has been accepted by the College management.

At the time of the audit, stock levels were very low as stock is ordered on a 'just in time' basis. The month end stock checks will be re-established.

3.1.5 ISO27001: Compliance Prison Visits *(previously circulated as Paper 3.1A)*

Simon Cox advised the Committee that this audit had been commissioned directly by the Prison Services Management Team and was not included in the annual audit plan

The opinion is that the systems and controls provide '**satisfactory assurance**' (which is the highest level).

There were no recommendations. The report has been accepted by the College management.

All four sites visited were compliant and the Risk Treatment Plans have been updated. At one of the sites, the wooden wall dividing the server and arts materials storage, has been replaced.

The Committee noted the reports and approved the management responses.

3.2 Internal Audit Performance Survey Questionnaire *(previously circulated as Paper 3.2 and 3.2A)*

The scores are either satisfied or very satisfied. Where provided, the comments were helpful.

The Committee noted the Performance Survey Questionnaires relating to the audits included in 3.1

3.3 Progress in implementing recommendations from previous audit reports *(previously circulated as Paper 3.3)*

Mat Gotkowski joined the meeting at 08:50

Martin Owen updated the Committee on the progress in implementing previous audit recommendations:

Internal Audit

Since the last meeting, there have been seven new and no completed recommendations. There are currently 13 recommendations outstanding of which six have passed their implementation date (four are significant and two are merits attention).

Martin provided a detailed explanation of the six recommendations, which were reasonable and accepted, and he assured the Committee of a high level of confidence in meeting the revised dates.

Funding Assurance Review (RSM)

All 29 actions have now been completed.

Buzzacott Post Audit Management Report (December 2021)

The two recommendations have been added to the tracker as Annex 2. Progress has been made on both matters, but they are not yet fully implemented (the target implementation date is 31st July 2022).

The Committee reviewed the report, noted progress, and agreed revised implementation dates where requested.

3.4 Risk Management & Board Assurance *(previously circulated as Papers 3.4A and 3.4B)*

Martin Owen reported that since the A&R Committee meeting in December and prior to publication of Paper 3.4A, the College's Risk Management Group (RMG) had met twice (in December and February) and the minutes were attached.

Matters reviewed by the RMG included safeguarding, data breach, cyber-attacks, project risks (IoT), student recruitment and EDI. The risk score for running out of cash was increased as a precautionary measure in view of the fall in income (but will be reviewed in the light of the management accounts) and the score for health & wellbeing was reduced (as COVID measures are generally being withdrawn).

There are twelve strategic risks of which nine residual risks are ragged as amber (medium impact / likelihood) and three are rated as red (high impact and/or likelihood). The three red residual risks are:

1. Harm to students, staff, and members of the wider college community - **Safeguarding**
2. **Data breach** resulting in a fine and reputational damage
3. Financial/data losses and reputational damage as a result of a **cyber-attack**

The RMG also met on 24th March (minutes will be circulated at the next meeting) and had considered the cyber risk (following the cyber-attack) and safeguarding (after the fatal incident close to the College) and concluded that the risk scores were still appropriate. There has also been a review of student recruitment (a new risk which will be added to the strategic risk register).

There is an emerging approach to map the strategic risks against the strategic aims. People and Culture may need to have a higher profile as it is fundamental to all the strategic aims. The CPO may be invited to attend the risk discussion at the next meeting.

Governors asked:

In relation to the risk of harm to students, does the College have a link with the local police so it can be alerted to any potential incidents?

Lindsey Styles and her team have a close relationship with Thames Valley Police (TVP) and other agencies which will be outlined in the evaluation report following the incident on 11th February (which was previously reported to the Board). There is an increased threat from County Lines.

The next safeguarding audit should include the network of communications and how these operate. The evaluation report will be an agenda item at the next meeting.

Action1: Sally Alexander

Is Climate Risk missing from the Strategic Risk Register?

The College is committed to the FE Climate Road Map (a sector wide approach on climate change and sustainability) and this will be a future Board discussion item. A focus group has been convened to which governors have been invited.

Climate change and sustainability will be reviewed by the RMG, and an update will be given at the next meeting. It may be a specific risk or an over-arching theme (which is how EDI risk is managed).

Action 2: Gavin Teasdale

The Committee recommended the Strategic Risk Register to the Board for approval

3.5 Data Security / GDPR (previously circulated as Paper 3.5)

Jon Wilson was welcomed to the meeting. Jason Mansell, DPO (Data Protection Officer), updated the Committee on data security.

Since 27 August 2021 there have been:

- 9 Data Subject Access Requests (DSARs). 8 were from staff/ex staff and 1 was from a parent.
- 6 Freedom of Information (FOI) requests. These have been simple requests relating to facilities/IT systems, headline learner and staff data, and Group rebranding costs.
- 12 requests for other information plus a further 6 requests to support ongoing Police investigations.
- 6 isolated minor data breaches, which did not require reporting to the ICO.
- 1 cyber incident, which was reportable to the ICO (minuted as confidential).

A DP (Data Protection) T&FG (Task & Finish Group) has been formed. A full review of all DP processes and documentation has been completed and the next step is a mapping exercise to review all organisations with whom data is shared and all organisations which process College data. The College will recruit a new DP Specialist to support the DPO with updating and maintaining the documentation.

It is recommended that the Information Governance/GDPR internal audit planned for June 2022 is postponed until the 2022/23 internal audit cycle when the DP Specialist has updated the documentation.

Cyber Incident January 2022

Confidential (minuted separately)

The Committee:

- ***Received assurance on UK GDPR and a cyber incident***
- ***Agreed to postpone the Information Governance/GDPR internal audit until the 2022/23 internal audit cycle.***
- ***Noted the intention to create new roles for a Data Protection Specialist and a Cyber Security Specialist.***

3.6 Subsidiary Companies (previously circulated as Paper 3.6)

Progress has been made but not all actions are fully implemented. The aim is to finalise the legal agreements between the College and subsidiaries within the next few weeks.

Governors asked questions:

The Directors are either governors or senior leaders in the organisation. Could a conflict arise between the College and the subsidiaries?

Directors do not benefit from the role and solicitors are drawing up contracts for the Directors to make this clear. The subsidiaries are wholly owned by the College / Corporation which is the superior decision making body.

The interests of the Directors are all properly declared in the Register of Interests which is a public register.

The FE Code of Governance (adopted by the Board), states that independent directors should be considered but this is not mandatory.

The Committee concluded that current arrangements are acceptable, but this should be kept under review.

A VAT group has been applied for – do we expect CMA Ltd and MKCC Ltd to be trading between themselves and the College?

HMRC is expected to approve a VAT group from 1st August 2021 however there is an issue in that the companies were inter-trading before that date. The College is working with VAT advisors regarding any liability which may have occurred.

There will be inter-company transactions e.g. a working capital loan between the College and transfer of management costs. CMA also requires some recognition of income in relation to apprenticeship delivery (CMA is not on the Register of Apprenticeship Training Providers, so the contract is held by the College).

There should be no VAT liability for these types of transactions once the VAT group is established but the period prior to this is less clear.

The College has retained VAT advisers who are FE specialists.

The minimum number of directors for PETS (MK) Ltd is one – what is the reason for this?

The company was incorporated in 2001 and has never traded. If it was to trade in the future, the minimum number of directors will be increased.

The directors should pass a formal resolution to this effect.

Action 3: Karen Brown

The Committee received the report on subsidiary companies

3.7 College Financial Regulations (previously circulated as Paper 3.7)

The Committee reviewed the following sections of the Financial Regulations:

Section 5: People Services and Payroll

Section 6: Purchasing and Competitive Tendering

Section 9: Credit Management

Annex 1: Post Holder Titles and Groups

Section 13: Capital Projects was deferred to the next meeting.

The Committee recommended the Financial Regulations to the Board for approval

3.8 DfE Good Practice Guide – Self-Assessment (previously circulated as Paper 3.8)

The DfE published a Good Practice Guide in January 2022 on the scope and work of audit committees and internal auditors in college corporations. A self-assessment has been carried out which provides assurance to the Committee that practices are compliant in all areas. Five actions have been identified to further enhance best practice which will be monitored by the Head of Governance.

The Committee noted compliance with the DfE Good Practice Guide

This will be the last Audit & Risk Committee Meeting for Martin Owen and the Committee Chair thanked him for his contribution and significant impact in a relatively short time.

NEXT MEETING: 16th June 2022

PART 3 ANY OTHER BUSINESS

Minuted as confidential