

MILTON KEYNES COLLEGE

AUDIT & RISK COMMITTEE

Part 2 Minutes of the meeting held on 20th June 2024

Room 2, Chaffron Centre

08:30 – 10:30

Committee Members	Attendance Record 2023-2024	Present at this meeting
Richard Bartlett-Rawlings (Chair)	3 of 3	Richard Bartlett-Rawlings
Jasmine Fergusson	2 of 4	Jasmine Ferguson
Mat Gotkowski	5 of 5	Mat Gotkowski (Teams)
Amit Nayyar	3 of 4	Amit Nayyar (Teams) (in part)
Alan Cook (resigned 15.4.24)	3 of 3	
Total percentage attendance this meeting	100%	4/4
Total percentage attendance year to date	84%	16/19

In attendance: Sally Alexander (CEO), Jason Mansell (COO), Alasdair McWilliams (Data Protection Officer) (in part), Amy Medrek (Executive Head: MIS Funding and Compliance) (in part), Karen Brown, Head of Governance, Sam Samuels, Governance Partner
Steven Connors, Validera (Teams) (in part), Hugh Swainson, Buzzacott (in part)

PART 1

Confidential (minuted separately)

PART 2

PROCEDURAL

2.1 Welcome and Apologies

Richard Bartlett-Rawlings welcomed everyone to the meeting.
Liana Sinclair had sent apologies.

2.2 Declaration of Interests

None previously declared.

2.3 Minutes of the Last Meeting

The Committee approved the minutes of the meeting held on 23 November 2023 (previously circulated as Papers Confidential 2.3A, 2.3B, Confidential 2.3C and Confidential 2.3D)

Matters arising

Date Raised	Actions arising from the last and previous meetings	Action Owner	Current position
1/5/24	1. Sports Central Contract – written confirmation that the Council has no issues and the timeline for a new contract	JM	Complete (included in agenda item 5.1)
	2. Expand the assurance on cyber risk	AMcW	Complete (included in agenda item 5.4)
	3. When reporting on H&S, distinguish between self-inflicted and self-harm incidents	LS	Complete (included in agenda item 5.5)
	4. Provide assurance on how we educate students re fraud and criminal activity	JM	Complete (included in agenda item 5.2)
	5. Confidential item - update	JM	Complete (item 8.1)

3.0 2023/24 ASSURANCE

3.1 RSM Funding Assurance Review (*previously circulated as Paper 3.1*)

Jason Mansell and Amy Medek reported that the final report had been received. The review is very timely as the College has been notified (as was anticipated), that it has been selected for a funding assurance review of ESFA funded provision for the 2023 to 2024 funding year. There is a meeting with Mazars (who will be conducting the audit), later today to confirm the date.

The review identified 32 actions (3 high, 12 medium and 17 low priority) across 16-18, Adult, AEB, Adult Loans and Apprenticeships which the Team is addressing; 20 actions have been completed and the remaining 12 should be completed within 14 days.

Amy explained the key risk areas and actions being taken not only to address the actions identified but also process improvements to ensure ongoing compliance e.g. refocusing of roles, planning for 640 learning hours, increased collaboration with curriculum teams to share knowledge on the funding rules (which the new Executive Principal is supporting), a new monthly compliance meeting and a self-audit by the MIS team in the Autumn term.

The Committee and External Auditor asked questions to which Jason and Amy responded:

How are you addressing capacity constraints in the team, and anticipating and managing the risks for the planned further increase in student numbers?

The process improvements and refocusing of roles will improve effectiveness and mitigate the risks.

The collaboration with curriculum teams will be key so they understand the impact of actions they take.

Are there processes in place to assess the impact of changes in-year?

Yes. In respect of learning hours, we will be timetabling 640 hours which will provide some contingency if there are in-year changes. We will also be removing editing rights e.g. restricting the ability to cancel a session, so the MIS team can track this better.

Is there any impact on the current year's funding claim?

No.

You are delivering Finance Workshops for governors currently – is this training being offered to staff?

Yes, this training has been delivered to the Group Directors and will be cascaded to a wider audience.

Amit Nayyar left the meeting at 08:50

The Committee reviewed the RSM Funding Assurance Report and approved the management responses.

Amy was thanked for attending and she left the meeting.

3.2 Internal Audit 2023/24 (previously circulated as Paper 3.2)

Steven Connors, Internal Auditor advised that except for the follow-up work (which will be carried out in July), the audit plan for 2023/24 has been delivered.

Two audits have been completed since the last meeting:

3.2.1 Budgetary Controls

The opinion is that the systems and controls provide '**substantial assurance**' (highest level). The one amber recommendation was accepted by management and relates to the regularity of reporting Adult and Apprenticeships income. It was noted that the Finance Team is proactive in providing training and newsletters for budget holders.

3.2.2 Prison Contracts

The opinion is that the systems and controls provide '**substantial assurance**' (highest level of assurance) There were no recommendations, however prisons staff turnover was noted as a risk.

The Board monitors a KPI relating to prisons staff turnover, through the Board dashboard.

The Committee reviewed the reports and approved the management responses.

3.2A Internal Audit Satisfaction Questionnaires (previously circulated as Paper 3.2A)

The feedback highlights that processes are working more effectively. The continuity of the prisons contract auditor was positive.

The Committee noted the satisfaction questionnaires relating to item 3.2

3.3 External Audit Strategy & Planning Memorandum (previously circulated as Paper 3.3)

Hugh Swainson, External Auditor (EA), advised that he had met with management and planned out the audit work, including the financial statements audit, regularity assurance review and Teachers Pensions Scheme audit. The timetable was noted.

The EA drew attention to:

- Going concern; in previous years, management has produced a separate paper for governors on going concern.
- Income recognition, more in-depth testing will not be necessary this year as a result of the RSM review and the ESFA audit.
- The proposed fees were noted which are in line with the tender.

The Committee recommended the External Audit Strategy and Plan for 2023/24 to the Board for approval

4.0 2024/25 ASSURANCE

4.1 Draft Strategy and Plan for Internal Audit 2024/25 (previously circulated as Paper 4.1)

Steven Connors, Internal Auditor (IA) advised that Validera had previously presented a three-year audit strategy and plan and 2024/25 audit year will be year 3 of the plan. The plan for 2024/25 is aligned to the current risk register and the plan also includes proposals for 2025/26 and 2026/27 (which will be reviewed in 12 months when Safeguarding is likely to be added for 2025/26).

The IA drew attention to the areas not currently in the plan. The Committee discussed Artificial Intelligence (AI) and concluded that this was not a high-risk area for the College currently but would be a consideration in the context of data analytics.

The number of audit days are the same (45). The plan is flexible should needs change.

The Committee recommended the Internal Audit Strategy and Plan for 2024/25 (45 days) to the Board for approval.

5.0 COLLEGE

5.1 Progress in implementing recommendations from previous audit reports (previously circulated as Paper 5.1)

Internal Audit

Jason Mansell updated the Committee on the good progress made in implementing previous audit recommendations.

Six recommendations are outstanding none of which have passed their agreed implementation date.

MK City Council has confirmed it has no issues with the current Sports Central implied contract; the aim is to have a new contract (which may be a leasing agreement) in place by 31 October 2024.

The new platform for mandatory training (VinciWorks) is now in place.

RSM Assurance Review

As reported above, 12 actions are outstanding.

Follow Up

Validera will follow up on their previous recommendations to ensure these have been implemented. The MIS team will be self-auditing learner records.

The Committee requested assurance at the next meeting on the findings from the MIS internal review and a recommendation on commissioning an external funding assurance review in 2025.

Action 1: Jason Mansell by November 2024

The Committee reviewed the report and noted progress

5.2 Risk Management & Board Assurance (previously circulated as Papers 5.2A, 5.2B and 5.2C)

Jason Mansell reported that since papers were published for the A&R Committee meeting in May, the College's Risk Management Group (RMG) had met twice and the minutes had been circulated for this meeting (Paper 5.2C).

Matters reviewed by the RMG included:

- Internal and External Audit Tracker
- Student access control / lanyard compliance (this relates to compliance with wearing college badges / security of the estate)
- Fraud Response Plan
- Fraud Risk Assessment Questionnaire
- RSM Funding Assurance

The Strategic Risk Register (Paper 5.2B) has sixteen strategic risks (no change) of which two residual risks are red (high impact and / or likelihood), twelve are amber (medium impact and / or likelihood) and two are green (low impact and / or likelihood). The red residual risks continue to be:

1. Risk C - Harm to students, staff, and members of the wider college community. A Head of Safeguarding is being recruited internally.
2. Risk P - Data breach and / or cyber incident resulting in a fine, data losses and reputational damage.

As requested at the last meeting, Paper 5.2A explains how the College educates students to protect themselves against fraud.

The Committee questioned whether the cyber inherent risk should be higher. This will be reviewed with the Risk Management Group.

Action 2: Jason Mansell by November 2024

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

5.3 ESFA College Financial handbook and Action Plan (previously circulated as Paper 5.3)

Susan Akhtar advised that she and the Head of Governance had reviewed the new Handbook (which is effective from 1 August 2024) and had identified two enhancements for the Financial Regulations:

1. Define the role of the Accounting Officer and Chief Finance Officer
2. Include a policy for holding reserves (the AoC is publishing guidance).

The handbook will form part of the regularity framework for colleges so compliance will be a consideration for the regularity review (a consideration for the 2024/25 external audit).

The Committee noted the publication of the College Financial Handbook and approved the Action Plan.

Alasdair McWilliams was welcomed to the meeting

5.4 Data Security (UK GDPR) / Data Protection and Freedom of Information Annual Report / Data Protection and Freedom of Information Policies (*previously circulated as Papers 5.4A, 5.4B, 5.4C and 5.4D*)

Alasdair McWilliams highlighted:

- All information requests, e.g. Freedom of Information (FOI) and Data Subject Access (DSAR), have been responded to within the prescribed period. There have been 22 DSAR requests since the last meeting.
- There have been no data breaches which required reporting to the Information Commissioner's Office (ICO).
- 78% of staff have completed Data Protection/GDPR training and 68% of staff have completed Information Security training.
- Cyber risk continues to be one of the 'red' risks in the Strategic Risk Register. The IT Team maintains the integrity the College IT network and digital data and protects the systems from new risks; the ISO 27001 certification has been renewed and benchmarking of security and risk shows that the College scores well in comparison to other institutions.

Data Protection and Freedom of Information Annual Report 2023/24 / Policies

- There has been an increase in the number of requests across the year:
 - 18 FOI requests (12 in 22/23)
 - 29 DSARs (23 in 22/23)
 - 13 additional information requests (5 in 22/23)
- There were 16 minor data breaches or information security incidents
- The Data Protection and Freedom of Information Policies have been revised against current legislation. The expected change in legislation has been paused due to the forthcoming election (depending on which party is elected, UK legislation is expected to be aligned to the US or Europe).
- The external fraud case related to the College being wrongly cited as a referee in a job application.

The Committee:

- **Noted the assurance on Data Security and GDPR**
- **Approved the Data Protection and Freedom of Information Annual Report**
- **Reviewed the Data Protection and Freedom of Information Policies and recommended these to the Board for approval**

Alasdair McWilliams was thanked for attending and he left the meeting

5.5 Health & Safety Annual Report 2023/24 / Health & Safety Policy / Health & Safety Statement (*previously circulated as Papers 5.5A, 5.5B, 5.5C*)

Jason Mansell highlighted:

- There is a high level of safe working practices across the Group. All 7 areas monitored (accidents, incidents, fire/lockdown drills, student visits, policies and procedures, professional development, and compliance reviews) are RAG rated as green.
- The reported number of accidents this year (174) has increased (158 in 22/23) which reflects the increase in student numbers. One accident was reportable under RIDDOR (0 in 22/23).
- The reported number of incidents this year (96) has decreased (146 in 22/23) which is a positive impact of improved security including screening arches, investment in the wellbeing team and the deployment of Duty Managers.
- There were 344 student visits (252 in 22/23) with no serious accidents or incidents.
- The College Health & Safety (H&S) Executive Group (HSSEG) has oversight of H&S. There is a focus on improving policies and procedures.

The Committee:

- **Noted the assurance on Health & Safety**
- **Reviewed the Health & Safety Annual Report 2023/24, Health & Safety Policy and Health & Safety Policy Statement 2024/25 and recommended these to the Board for approval**

5.6 Subsidiary Companies *(previously circulated as Paper 5.6)*

Jason Mansell advised the Committee that:

MKC Commercial Ltd (MKCCL)

- Solicitors acting for the College have produced legal agreements (1. Commercial Agreement, 2. MKCCL Board Terms of Office and 3. Director's Deed) which have been approved for signing by the Directors of MKCCL. The legal agreements set out the respective obligations of MKCCL (the company and its Directors) and Milton Keynes College (MKC), (which is the sole shareholder), including delegations, indemnities and corporate governance.

The Code Makers Academy Ltd (CMAL)

- The Directors approved the submission of a Change Request to novate the SCIoT contracts from CMAL to MKC. The intention is to strike-off CMAL sometime in the future.

The Committee:

- **Noted the action plans**
- **Recommended the legal agreements to the Board for approval and signing:**
 - **Commercial Agreement between MKC and MKCCL**
 - **MKCCL Terms of Reference**
 - **Director's Deed**

5.7 Sub-Contracting *(previously circulated as Paper 5.7)*

- There is no change to the information previously reported; the College is complying with conditions of funding in relation to subcontracting.
- The College currently works with 4 providers; the contract with Arts 1 is coming to an end (teaching concludes in July 2024). The 2024/25 Subcontracting Strategy and Plan will go to Board in July 2024

The Committee received the assurance on contract values, due diligence, and quality monitoring of subcontracted provision

5.8 Anti-Fraud and Corruption Assurance *(previously circulated as Paper 5.8)*

- There have been no reported instances of fraud.
- There is a range of counter-fraud measures in place covering finance records, assets, cyber-crime, theft, bribery, corruption, irregularity, and weaknesses in control frameworks. Other counter-fraud measures include the Anti-Fraud and Corruption Policy, Whistleblowing Policy, Financial Regulations, Conflicts of Interest Policy and the Strategic Risk register (financial risk).

The Committee received assurance on anti-fraud and corruption

5.9 Contracts above £10k involving a Related Party Transaction

The Executive is not aware of any contracts above £10k which are related party transactions. This is based on Declarations of Interest updated annually by Governors and Budget Holders.

The Committee requested that a search at Companies House / Charities Commission be conducted for Governors and ELT members to ensure all interests have been declared.

Action 3: Karen Brown by September 2024

CONSENT AGENDA

6.1 None

ANY OTHER BUSINESS

7.1 None

NEXT MEETING: 21 November 2024

Hugh Swainson and Steven Connors were thanked for attending and they left the meeting

PART 3

Confidential (minuted separately)



Approved 22 November 2024
Chair of Audit & Risk Committee – Richard Bartlett-Rawlings