

MILTON KEYNES COLLEGE

AUDIT & RISK COMMITTEE

Part 2 Minutes of the meeting held on 21st November 2025

Pitching Room, SClOT Bletchley

08:30 – 10:50

Committee Members	Attendance Record 2025-2026	Present at this meeting
Richard Bartlett-Rawlings (Chair)	1 of 1	Richard Bartlett-Rawlings
Ian Bickers	1 of 1	Ian Bickers
Jasmine Fergusson	1 of 1	Jasmine Fergusson (Teams)
Ajay Kabra	1 of 1	Ajay Kabra
Amit Nayyar	1 of 1	Amit Nayyar
Total percentage attendance this meeting	100%	5/5
Total percentage attendance year to date	100%	5/5

In attendance: Sally Alexander (CEO), Jason Mansell (COO), Susan Akhtar (Group Director of Finance), Karen Brown (Head of Governance), Sam Samuels (Governance Partner)

Steven Connors, Validera (in part), Hugh Swainson, Buzzacott (in part).

Ian Revell and Neil Sainsbury (Teams) attended for items 3.1 and 3.2.

PART 1

Confidential (minuted separately)

PART 2

PROCEDURAL

2.1 Chair and Vice-Chair 2025/26

Richard Bartlett-Rawlings and Amit Nayyar were elected as Committee Chair and Vice-Chair respectively (previously approved via Team Engine).

2.2 Welcome and Apologies

Richard Bartlett-Rawlings welcomed everyone to the meeting including Ajay Kabra who was attending his first A&R Committee meeting.

2.3 Declaration of Interests

None previously declared

2.4 Minutes of the Last Meeting *(previously circulated as Confidential 2.3A, Paper 2.3B, Confidential 2.3C)*

The Committee approved the minutes of the previous meeting (19th June 2025)

Matters arising

Date raised	Action	Who	Status
19.6.25	1. Review how automated checking can be used for learner records	KD	Complete (now using Chatbox and HubSpot)
	2. Invite all Board members to the November Audit & Risk Committee (in part),	KB	Complete
	3. Share the student feedback on safeguarding at the Board meeting on 16 July.	IB	Complete (Board minutes 16.7.25)
	4. Update the IAS Strategy and Plan before submitting it to the Board for approval.	SA	Complete (Board minutes 16.7.25)
	5. Cyber security Is there a playbook for say a ransom attack or where data is released or where systems are completely shut down?	JM	Complete Reported in item 4.3 (Risk)
	6. How does the IT access work in private prisons?	JM	Complete Reported in item 4.3 (Risk)
	7. Review which subcontractors or other third parties can access college systems or logins, and what external systems can be accessed by college staff.	JM	Complete Reported in item 4.3 (Risk)

2.5 Risk of Single Point of Failure

The Committee Chair referred to the earlier discussion at confidential item 1.

Governors asked whether there was reliance on specific roles / risk owners whose absence could pose a significant risk to the organisation e.g. cyber / data protection.

Jason Mansell offered assurance what this was not the case but will add this to the agenda for the next meeting of the Risk Management Group (RMG) to consider and report back to the Committee in March.

The need for back up roles and written decisions and processes was also emphasised.

Action 1: Jason Mansell by 27th March 2026

The Remuneration Committee receives regular assurance on succession planning for senior leaders,

3.0 2024/25 ASSURANCE

3.1 Internal Audit 2024/25 (previously circulated as Paper 3.1)

Steven Connors led on this item.

3.1.1 Follow Up

The follow up audit reviews whether management is correctly recording, tracking, and recording the implementation of audit recommendations. Since the last follow up review there have been 10 internal audit, 3 external audit and 17 funding assurance actions.

The opinion is that the systems and controls provide '**substantial assurance**'. Twenty one actions had been reported as completed of which three were tested and confirmed as accurately reported. Nine of the implemented actions related to the funding assurance review and will be picked as part of the next Validera Funding Assurance Review. Validera confirmed that all actions had been accurately reported as complete.

Validera is beta testing a new cloud based tracker for real time monitoring.

The Committee was pleased to note the positive report.

The Committee noted the report and approved the management responses

Neil Sainsbury and Ian Revell joined the meeting at 08:45

3.2 Internal Audit Annual Report and Assurance Statement 2024/25 (previously circulated as Paper 3.2)

Steven Connors drew attention to the positive overall audit opinion i.e.

'Based on the work performed we offer our conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the College's risk management, governance and control processes. Overall, in our opinion, based upon the reviews performed during the year, Milton Keynes College has:

- *adequate and effective risk management.*
- *adequate and effective governance; and*
- *adequate and effective control processes.*

There were 8 reviews during 2024/25 (including the follow-up):

- 7 reviews received substantial assurance (highest level) (Performance Management, Core Financial Controls – Income and Debtors, Payroll & Expenses, Safeguarding, Prison Contracts, IT Cyber Security and Follow Up)
- 1 review received adequate assurance (Commercial Activities)
- No reviews received limited assurance

- Overall, there were:
 - 0 red recommendations
 - 2 amber recommendations
 - 7 green recommendations
 - 7 blue recommendations

The Committee reviewed and approved the Internal Auditor's Annual Report and Assurance Statement for the year ending 31 July 2025 and recommended this to the Board for approval

3.3 Draft Financial Statements 2024/25 MK College Group (MKCG)

b) Buzzacott Post Audit Report year ended 31 July 2025 (Draft) (previously circulated as Paper 3.3B)

Hugh Swainson highlighted key points from the report and answered questions from Committee members.

Audit Opinion

The expected audit opinions are:

- Financial Statements audit - unqualified audit opinion
- Regularity assurance review - unqualified opinion
- Certification of Teachers' Pension Scheme EOYC – no exceptions noted

Outstanding items

The following information is required before the audit can be finalised:

- Completion of work on redundancy provision
- Regularity assurance including sign off by the Chair of Governors
- Final funding reconciliations for the DfE funding
- Confirmation that the DfE has not yet confirmed the settlement proposal

Financial Performance and Going Concern

- The 'operational' surplus for the year, was £5.037m (FY 2024 £1.424m). This included an exceptional provision movement of £2.937m (FY 2024 £1m) and therefore the surplus was £7.974m (FY 2024 £2.42m) excluding this.

Audit recommendations

- There was one priority C recommendation (important but does not warrant urgent attention), relating to identification of items on the fixed asset register.

The management response will be completed.

Action 2: Susan Akhtar by 3rd December 2025

Provisions and Estimates

- The prisons income reconciliation is outstanding hence a provision of £2m has been made to mitigate the risk of prison income clawback (£1.6m re PEF Contract Year 7 and £0.4m (10%) re HMP Fosse Way). It was noted that the actual clawback was less than the provision in FY 2024.
- Local Government Pension Scheme (LGPS) surplus (£14.7m) which is recorded as zero on the balance sheet. There is a triannual revaluation.
- Redundancy provision (re prison contracts) of £2.985m. Actual costs (including pension strain) are now coming through and so this provision will be reviewed at the end of November 2025 and adjusted if necessary.
- Pending DfE approval, a provision of £1m is still appropriate for the additional employment entitlement.
- There continues to be a provision relating to the Teachers' Pension Scheme (TPS) grant although this has reduced to £0.727m in FY 2025 (from £1.3m). This relates to OLASS4 when the TPS grant received was higher than the TPS costs. It is income that cannot be recognised even though there is no known clawback mechanism.

In view of the significant estimates in the financial statements, governors requested:

- 1) a detailed explanation when reporting to the Board in December on FY2025 on the key judgements and estimates including a historical assurance on estimates versus actuals.

Action 3: Susan Akhtar by 3rd December 2025

- 2) a prior discussion with Finance Group next year as part of the financial statements planning for FY 2026

Action 4: Susan Akhtar by 6th July 2026

Prior Year restatements

- The College identified that the release of capital grants did not match depreciation rates dating back to 2016 resulting in deferred capital grant liabilities being understated by £1.389m. The income for 2023/24 has been restated (i.e. reduced) by £139k.
- Governors noted that this highlights the need for decisions and processes to be well documented (action 1 above).

Pension Comparison

- Appendix 3 will be reissued.

Action 5: Susan Akhtar / Hugh Swainson by 3rd December 2025

Key Financial Ratios

- Based on the current DfE Financial Health model, a score of 280¹ would result in a grading of 'Outstanding' for FY2025.
- The College's 2025 key financial ratios were compared to 40 Buzzacott colleges (2025) and sector benchmarks (109 colleges) (2023 and 2024). The current ratio, EBITDA and cash days have all improved reflecting in-year efficiencies.

Governors asked questions to which Susan Akhtar responded:

The year end position is significantly better than the budget re-forecast. Is the College too risk averse in its approach to financial forecasting? The Board needs to have confidence in the accuracy of the forecasts.

The College takes a prudent approach when estimating income over which it does not have control. There is an audit trail of assumptions made, and we can explain why the final position is better than the January forecast. This is a year in which many of the estimates were better than expected.

Are there other examples of material errors or omissions because prior year adjustments will draw unnecessary attention? Overestimating / overproviding can also lead to prior year adjustments.

No, we have reviewed these historically.

Will the £0.727m TPS grant be utilised over time?

Yes, the amount is decreasing and is being used for the purpose intended.

The Committee reviewed the draft External Auditor's Post Audit Report for the year ended 31 July 2025 and:

- ***Noted that the management response to the audit recommendation is to be completed***
- ***Recommended the report to the Board for approval***

¹ Subsequently changed to 260

a) Going Concern Assurance (MKCG) (previously circulated as Paper 3.3A)

- The Going Concern Assurance (to December 2026), and supporting cashflow forecast, was reviewed by the Finance Group at its meeting on 17 November. Following feedback at that meeting, the words 'for at least 12 months' have been added.
- The cashflow forecast ranges between £19.9m and £23.3m.
- Governors asked whether the College's stress scenarios were aligned with other colleges and what were the emerging risks elsewhere. The External Auditor replied that situations vary e.g. only two colleges have a prison contract and some colleges are experiencing a decline in student numbers. Colleges which are experiencing growth have accommodation challenges (which is especially prevalent in Milton Keynes where there is also demographic growth).

The Committee approved the MKCG draft Going Concern Assurance Statement

c) Draft Annual Report and Financial Statements MKCG (previously circulated as Paper 3.3C)

Susan Akhtar highlighted that there will be a reconciliation between the P12 management accounts and Financial Statements for the Board in December.

Governors commented on the draft financial statements:

1. More explanation of the key estimates and judgements should be added (to page 43).

Action 6: Susan Akhtar / Hugh Swainson by 3rd December 2025

2. Foreword – add an additional paragraph explaining:
 - the reasons behind the significant increase in the surplus
 - how the surplus will be used (e.g. investment to meet the needs of the city / aligned to our strategic plan).

Action 7: Jason Mansell / Susan Akhtar by 3rd December 2025

The Committee reviewed the draft Report and Financial Statements for the Year Ended 31 July 2025 and recommended these to the Board for approval

d) Draft Representation Letter (MK College Group including the subsidiary companies) (previously circulated as Paper 3.3D)

- Buzzacott requires the Letter of Representation to be signed on behalf of the Board. This asks the Governors (and Directors of the subsidiary companies) to confirm specific matters, and confirmation immediately prior to the financial statements being signed, that no significant events have taken place since the time of the audit which would impact on the financial statements.
- Governors requested more explanation be added relating to the accounting estimates including the prison redundancies.

Action 8: Susan Akhtar / Hugh Swainson by 3rd December 2025

The Committee reviewed the draft Representation Letter for the year ended 31 July 2025 and recommended this to the Board for approval (subject to Action 8)

Hugh Swainson, Ian Revell and Neil Sainsbury were thanked for attending and they left the meeting at 09:40

3.4 Subsidiary Companies

Milton Keynes College Commercial Ltd (MKCCL)

- MKCCL turnover in 2024/25 was £4.1m and the company broke even. There are 283 staff paid through MKCCL.
- The Letter of Support from MKCG to MKCCL (Paper 3.4A), MKCCL Going Concern Assurance (Paper 3.4B), Group Letter of Representation (Paper 3.3D) and the MKCCL draft Financial Statements (Paper 3.4C) will be reviewed by the MKCC Board at its meeting on 1st December 2025. There are some formatting issues to be addressed.

The Code Makers Academy Ltd (CMAL)

- CMAL has been dormant since May 2023.
- The Group Letter of Representation (Paper 3.3D) and the CMAL draft Financial Statements (Paper 3.4D) will be reviewed by the CMAL Board at its meeting on 1st December 2025. The DfE has agreed the documents to novate the contracts; approval to sign and seal the novation/variation documents will be requested from the Board in December. CMAL will then be dissolved.

The Committee noted the position with the Subsidiaries' Financial Statements

4.0 2025/26 ASSURANCE

4.1A Internal Audit Progress Report Term 1 (*previously circulated as Paper 4.1*)

Steven Connors led on this item. Three audits have been completed this term and two are in progress.

4.1.1. ISO 27001: 2022 Gap Review

The opinion is '**substantial assurance**' (highest level) with one amber and three green recommendations which were accepted by management.

The amber recommendation relates to encryption of data as part of the backup process. Governors asked whether this could make the College vulnerable to an attack and the Auditor confirmed that the backup data was encrypted but the recommendation relates to data in transit. Jason Mansell confirmed that the Risk Management Group will ensure the solution is implemented.

The higher than usual non-completion of training reflects the TUPE position relating to the new prison contract.

This audit tested compliance with ISO 27001 changes (ahead of the formal accreditation assessment) as opposed to testing the College's defences (which were tested in January 2025 with substantial assurance given). ISO27001 is a higher standard than most FE colleges adopt so this puts the College at a greater level of information security management.

4.1.2. Stakeholder Engagement (Learner Voice)

The opinion is '**substantial assurance**' (highest level) with two green and one blue recommendations which were accepted by management.

The recommendations relate to communicating survey outcomes to students.

4.1.3. Counter Fraud Health Check

The opinion is '**adequate assurance**' with three amber and one blue recommendation which were accepted by management.

The Economic Crime Corporate Transparency Act has changed the focus from a reactive approach to fraud to a more proactive approach. The three amber recommendations relate to updating the Anti-Fraud and Corruption Policy, Whistle Blowing Policy and Fraud Response Plan.

The Committee noted the reports and approved the management responses

4.1B Satisfaction Questionnaire (previously circulated as Paper 4.1A)

The Committee noted the scores

4.2 Progress in implementing recommendations from previous audit reports (previously circulated as Paper 4.2)

Internal Audit

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

- Since the last meeting, there have been 10 completed audit recommendations. The recommendation, carried forward from 2021/22 relating to the Sports Central contract, has been implemented. There is one recommendation outstanding from 2024/25 plus the recommendations reported at this meeting (items 3.3B and 4.1A).

The Committee reviewed the report and noted the good progress

4.3 Risk Management & Board Assurance (previously circulated as Papers 4.3A, 4.3B and 4.3C)

Jason Mansell reported that since papers were prepared for the A&R Committee meeting in June, the College's Risk Management Group (RMG) had met three times, and the minutes had been circulated (Paper 4.4C).

All meetings included:

- a review of the Strategic Risk Register (SRR) (including emerging risks)
- an Equality and Accessibility Impact Assessment (EAIA) update
- an update on policies, internal audit progress, implementation of audit recommendations

Other items have included:

- a review of all risks to ensure they remain current for 2025/26.
- strategic Risk I has been re-written to reflect the new People Strategy

- strategic Risk B score has been increased to reflect the impact of student growth on customer service
 - strategic Risk F score has been reduced as the OU is now an Anchor Partner and is reporting Level 4 and Level 5 learners as IoT learners. The College is currently considering whether to re-license. This risk may become a broader HE risk in the future.
 - the College's response to the incident that had occurred in a Manchester Synagogue.
 - The importance of having signed contracts/agreements in place for all work with third parties
- The SRR (Paper 4.4B) has seventeen strategic risks of which two residual risks are red (high impact and / or likelihood), twelve are amber (medium impact and / or likelihood) and three are green (low impact and / or likelihood).
 - The red residual risks are:
 1. Risk C - Harm to students, staff, and members of the wider college community – Safeguarding.
 2. Risk P - Data breach and / or cyber incident resulting in a fine, data losses and reputational damage.

This Committee has previously concluded that Risk C and Risk P will continue to be red, and Governors sought assurance that this will not create complacency. Jason confirmed that these are continually reviewed by the Risk Management Group and confirmed the controls in the SRR will be updated before the next meeting.

Action 9: Jason Mansell by 27th March 2026

There is more focus following the white paper and Ofsted new framework on safeguarding / SEND / Inclusion / NEETs. The SEND Link Governor described how he is regularly meeting with students for additional assurance and will extend this to Safeguarding.

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

4.4 College Financial Regulations / College Financial Handbook (previously circulated as Paper 4.4)

Following updates to the College Financial Handbook, several sections of the College Financial Regulations have been reviewed and updated as Version 5.2.

The Committee recommended the Financial Regulations to the Board for approval

GOVERNANCE

5.1 Financial Control and reporting to Governors / CEFSS (previously circulated as Paper 5.1)

- Following publication of the FE Commissioner's report relating to Havant and Downs College, the report has been reviewed for insights, and the College is confident that existing controls effectively address all finance-related and governance concerns. The extensive list of controls is assurance for governors.
- As the report refers to a CEFSS review, Paper 5.1 also provides assurance that good progress has been made in implementing the CEFSS action plan resulting in efficiencies reflected in the improved financial performance. The action plan was also reported to the Finance Group on 17th November.

Governors sought assurance that as well as continuing to embed the actions and monitor curriculum efficiency, how will the College keep a focus on continuous improvement to deliver further efficiencies. Jason advised that the College would consider inviting the FE Commissioner to come back as the previous review had been extremely helpful in endorsing the ELT's actions. The benchmarking data will also identify further areas of focus. The work on the new strategic plan has emphasised that the College needs to be more data aware / outward looking to take advantage of opportunities.

The Committee received assurance on financial control procedures and governance

5.2 Committee Annual Report to the Board 2024/25 (draft) (previously circulated as Paper 5.2)

The draft report outlines the work of this Committee for the period 1st August 2024 to 21st November 2025 including matters covered at this meeting. The report will be submitted to the Board on 10th December 2025 and sent to the DfE with the financial statements.

The Committee agreed the following items for Section 14 (issues and priorities for 2025/26).

- Impact of unplanned growth in student numbers
- Capital Projects
- Monitoring the continued increase in 16-18 student numbers
- Risks associated with changes in government policy and political landscape e.g. Post 16 Skills and Education White Paper / devolution
- Implementation of the PES contract
- Higher Education

The Committee reviewed and approved its draft Annual Report for 2024/25 for submission to the Board

CONSENT AGENDA

The following items were approved by consent / without discussion:

6.1 Regularity Self-assessment questionnaire (RSAQ) (previously circulated as Paper 6.1)

The Committee reviewed and approved the RSAQ and authorised the CEO & Group Principal and Chair of Governors to sign this (for submission to the Board with the Financial Statements)

6.2 Anti-Fraud (previously circulated as Papers 6.3 and 6.3A)

- ***Fraud Risk Assessment and Assurance (standing item)***
- ***Fraud Questionnaire produced for external audit.***

The Committee noted the assurance on anti-fraud

6.3 Value for Money Statement (previously circulated as Paper 6.3)

The Committee approved:

- ***Value for Money Statement for 2023/24 and KPIs for 2025/26***
- ***Value for Money Policy for Board approval***

6.4 Sub-Contracting (previously circulated as Paper 6.4)

The Committee noted the assurance on sub-contracting

6.5 FE Code of Good Governance

The Committee noted that the Search & Governance Committee, at its meeting on 17 June 2025, reviewed the FE Code of Good Governance and agreed that the Board was compliant in all areas.

6.6 Board Members and ELT Expenses, Gifts and Hospitality 2024/25 (previously circulated as Paper 6.6)

The Committee approved the report for publication on the College website

6.7 Data Security and GDPR (previously circulated as Paper 6.7)

The Committee noted the assurance on data security and GDPR

6.8 Health & Security Autumn Term Report (previously circulated as Paper 6.8)

The Committee noted the assurance on health & safety

6.9 Managing Public Money (MPM) (previously circulated as Paper 6.9)

The Committee noted the assurance on meeting MPM requirements

6.10 Committee Performance – self-assessment 2024/25 (previously circulated as Paper 6.10)

The Committee approved the self-assessment of the Committee's performance in 2024/25

6.11 Committee Terms of Reference (previously circulated as Paper 6.11)

The Committee recommended the Terms of Reference to the Board for approval.

ANY OTHER BUSINESS

7.1 Nothing was raised.

NEXT MEETING: 27th March 2026

PART 3

Confidential (minuted separately)

Approved by



Richard Bartlett-Rawlings

27 March 2026