MILTON KEYNES COLLEGE
AUDIT & RISK COMMITTEE

Minutes of the meeting held on 21st March 2019, Board Room, Silbury Campus, 08:30 to 10:30

Committee Members	Attendance Record 2018-2019	Present at this meeting
Peter Cox Luke Ferebee (joined 21/3/19) Kuldip Kaur Silvia Vitiello (Chair) Giles Mullins resigned 3.10.18	3 of 3 1 of 1 2 of 3 3 of 3 1 of 2	Peter Cox Luke Ferebee Kuldip Kaur Silvia Vitiello
Total percentage attendance this meeting	100%	4/4
Total percentage attendance year to date	84%	10/12

In attendance: Karen Brown, Imelda Galvin, Marc Gillham, Will Gordon, Steve Lake, Elucidate (in part), Julie Mills

PROCEDURAL

1.0 The Committee Chair welcomed Luke Ferebee to the meeting and brief introductions were given. There were no apologies.

2.0 There were no prior declaration of interests.

MINUTES OF LAST MEETING: 29th November 2019

3.1 ***The Committee approved the minutes (previously circulated as Papers 1A, Confidential Paper 1B, Confidential Paper 1C, Confidential Paper 1D and Confidential Paper 1E).***

Matters arising

Date raised	Action	Who	Status
29.11.18	Add specific roles to the audit recommendations follow-up report.	WG	Complete - Agenda item 4.2
	Bring the updated Risk Policy (reflecting the current approach) to the next meeting for approval.	IG	Complete - Agenda item 4.3

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2018/19 ASSURANCE

4.1   Internal Audit Progress Report 2018/19 *(previously circulated as Paper 2)*

Steve Lake presented the internal audit progress report, which contains a summary of the work completed to date; the report includes recommendations and management responses. Five audits have been completed and published (see below). The estates strategy draft report is deferred to the next meeting (after the Board has discussed the property strategy on 27th March).

The three days allocated for the governance (risk management) audit has been reallocated to a review of the Delivery of Prison Education under the new contract arrangements with the MoJ.

Two days has been spent on Bursaries Follow Up since the last meeting.

Steve drew attention to the following:

4.1.1 Internal Audit Reports:

a) Accounts Payable

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

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

b) Debtors and Other Income

The opinion is that the systems and controls provide *'moderate assurance'.*

There was one 'fundamental' recommendation. The report has been accepted by College management.

Will Gordon explained that the (positive) difference of £26k in the reconciliation of nursery debts goes back several years. Responsibility for nursery has moved from curriculum to Business Partners in the last 12 months. There is a separate bespoke invoicing system for nursery.

An internal audit of nursery is proposed for 2019/20.

c) Safeguarding

The opinion is that the systems and controls provide *'limited assurance'.*

There were two 'fundamental' recommendations. The report has been accepted by College management.

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Steve Lake confirmed that the two recommendations have since been addressed. Safeguarding will be retested in the next two weeks and formal assurance will be issued.

Action 1: Steve Lake

The Single central Record (SCR) and pre-employment checks are the responsibility of the People Services Team. The Safeguarding Lead should monitor this also because the People Services Team is under pressure. The College has a zero tolerance approach to safeguarding.

The H&S Group reviews the SCR and the Group was aware that this control was not working, which is not acceptable. The H&S Group will receive this audit report and the Group can formally minute that the issues raised have been addressed and also follow up where staff have not completed the mandatory training. In the longer term the College is reviewing the mandatory training to make it more user friendly and removing the less important aspects.

It is a leadership responsibility to spot check that the SCR is up to date and Elucidate will also sample this when the auditors are in College for another reason.

Julie Mills assured governors that safeguarding with students is good.

d) Sub-Contracting

The opinion is that the systems and controls provide *'satisfactory' assurance'.*[1]

There was one 'significant' recommendation. The report has been accepted by College management.

The Education and Skills Funding Agency (ESFA) requires providers to commission this mandatory audit when sub-contracting is above a specific level. The audit is based on 100% testing (not a sample).

Financial intervention and clawback of funding would be the implication of a non-compliant assurance.

The College broadened the scope of the internal audit beyond the ESFA requirements.

e) Hair and Beauty (Ordering, Purchasing & Stock Control)

The opinion is that the systems and controls provide *'limited assurance'.*

There were two 'fundamental' recommendations, four 'significant' recommendations and one 'merits attention' recommendation. The report has been accepted by College management.

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[1] The report circulated for the meeting included a limited assurance opinion, however, at the meeting Steve Lake confirmed that the opinion should have stated satisfactory assurance and the report was reissued on 25th March 2019.

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There has been insufficient segregation of duties (sales and stock control). A new Commercial Manager is reviewing processes and introducing new controls.

Steve gave more explanation about the purchase of the machine for permanent makeup. Legacy processes have been changed and the Head of Finance is now involved in purchasing decisions. The machine is back at the College after being sent to Germany for servicing prior to sale.

There are 14 credit cards issued to managers at the College (used for online payments) and there are tight processes in place. Card credit limits range from £500 to £4,000 depending on needs (the higher limit only applies to cards held by The P&CE and the COO).

The Committee was assured that the Commercial Manager has this area under control.

f) Follow Up (Bursaries)

Steve Lake drew the Committee's attention to Paper 4 and advised members that evidence has been provided confirming that all key issues which led to the 'no assurance' opinion for bursaries, had been addressed. Responsibility for bursaries has moved to the Admissions Team and additional controls have been implemented. Further testing of recent bursary applications has been carried out and everything was found to be properly authorised and signed-off.

There are more controls in place to avoid over spend and regular reports e.g. bursaries vs attendance.

The Committee asked further questions and received answers as follows:

Accounts Payable: with regards to one incident where the payment run had not been signed off in accordance with procedures, did you extend your sampling sample to confirm it was a one off?

SL: No because we had already looked at a large sample and we were satisfied it wasn't a system failure.

Debtors - Is there a likelihood that nursery parents have been overcharged and why will it take until July to resolve?

WG: No, it is potentially an entry in the wrong period which hasn't properly transferred to the finance system. The new Commercial Manager is introducing new controls and processes as part of a larger review. It will be prioritised against other work and completed by the year-end.

Debtors – on what basis has the KPI for debtor days been identified as good practice?

SL: The sample confirmed that all had been paid within the KPI period (30 days). If that had not been the case, it would have been reported.

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Bursaries – has there been any student feedback about the changes to the process?

MG: Students are getting a better service with improved turnaround times as more staff are available to assist at peak times. Online bursary forms will be on the website from next week and applications will be processed as part of the 2019 application and enrolment process.

Bursaries - If students are applying for other types of non-ESFA support, will the Bursaries team still assist?

MG – Yes.

The Committee concluded that internal audits are generating positive improvements, especially in areas that have not been audited previously.

It was agreed that the IT Network audit be deferred until next cycle and the three days allocated be used for the additional work on safeguarding.

The Committee noted the report and approved the management responses.

4.1.2 Internal Performance Survey Questionnaire *(previously circulated as Paper 3)*

Will Gordon confirmed that colleagues who are involved in internal audits contribute to the satisfaction questionnaires.

The Committee noted the Performance Survey Questionnaires relating to the audits included in 4.1.1

4.2 **Progress Review on Internal and External Audit Reports** *(previously circulated as Paper 4)*

Steve Lake and Will Gordon updated the Committee on the progress in implementing previous audit recommendations. There are 12 outstanding recommendations as at March 2019 including new recommendations reported in item 4.1.

The Committee reviewed the report and noted progress

4.3 **Risk Management & Board Assurance** *(previously circulated as Papers 5, 5.1 and 5.2)*

Imelda Galvin reminded the Committee that the format of the Strategic Risk Register had been revised and is more succinct. There are currently 9 key areas of strategic risk.

The College Risk Management Group (RMG) meets every 6 weeks and at each meeting, there is a focus on one area of the Risk Register (finance and data breach have been looked at so far). The Risk Register is updated after the meeting. The overall assurance judgement in the Risk Register is made by the Risk Owner and the Risk Management Group

Now that the contract has been secured, the risk relating to prison education is being rewritten.

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Steve Lake, who attends the RMG meetings, assured the Committee that there is full engagement by risk owners and discussions are very open.

The Risk Register includes levels of assurance as follows:
1. Controls are in place e.g. policies, procedures, roles etc
2. There has been a College / peer review of the adequacy of controls
3. There has been external / independent review of the adequacy controls e.g. Internal Audit Service, External Auditors, Funding Audit etc.

I.e. the numbering does not refer to an opinion on the adequacy of the controls.

Risk Policy

The Committee gave feedback on the draft policy:
- Remove the table of current strategic risks (as these will change)
- Change the statement re the Equalities Act (applies to all policies)
- Add a paragraph about risk appetite.

Action 2: Imelda Galvin

The Committee agreed to recommend to the Board for approval:
- ***The Strategic Risk Register***
- ***The Risk Management Policy subject to the feedback given***

4.4 GDPR *(previously circulated as Paper 6)*

Marc Gillham referred to the implementation Action Plan. The one action not yet implemented relates to alignment with the risk management and project management process. Overall the College is in a good position and there have been no serious data breaches.

However, a big challenge is the external threats which are escalating (although there has been no loss of data or funding thus far) and the Principal, Chief Operating Officer and Head of Finance have been targeted. The College has reviewed IT security iand recommendations have been presented to the IT Strategy Group. The College is going beyond Microsoft recommended standards.

There has also been an increased number of subject access requests as people are leaving the organisation.

Resourcing is becoming a challenge (other colleges have outsourced GDPR which is an option). Marc, as Data Controller who also leads funding, data and IT, could have a potential conflict of interest. It is not an issue now but the College is reviewing the position annually.

The Committee noted the assurance on GDPR

ANY OTHER BUSINESS

5.1 Funding Assurance Audit

The Committee was advised that RSM (Karl Bentley) has been asked, by the College, to audit the ILR records in April. The purpose is to review current records as they stand and identify any gaps. The audit will provide assurance

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on the College's data records. There is a possibility that the College may be selected for an external funding audit this summer.

The Committee noted the update.

Steve Lake was thanked for attending and he left the meeting at 10:15

NEXT MEETING: 20th June 2019

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