

**MEETING OF THE AUDIT & RISK COMMITTEE  
OF SOUTH HAMPSHIRE COLLEGE GROUP CORPORATION  
East Avenue Restaurant, Chestnut Avenue, Eastleigh  
Wednesday 13 March 2024 17.30**

Members Present: Ian Harris  
David Parfitt  
Bernie Topham

Corporation Members in attendance: Sandra Prail (Chair of the Corporation)  
Andy Wannell (Chair of the Resources Committee)

Others in attendance: Michael Johnson (Chief Operating Officer)  
Georgina Flood (Director of Governance)  
Lesley Heasman (TIAA – Internal Auditor)  
Andrew Kaye (CEO (Chief Executive Officer))  
Stuart McKay (McIntyre Hudson – External Auditor) **Item 6 only**

**The meeting was preceded by Item 1: Deep Dive Merger and Systems progress. This presentation will be made available via the Board portal.**

Members welcomed the update on the significant number of projects relating to systems and IT and queried the resources in place to deliver the plan, along with out of all the projects. what gives the most cause for concern?

The COO confirmed this was a significant amount of work and noted the awareness within ELT of the potential reliance on one or two key members of staff. Members were assured the possibilities resulting from an underspend of non-pay budget does mean we are in a position to secure additional support and capacity from outside the College. The COO noted the project of most 'concern' would be Project SAHARA (main alignment of group email and folder sharing systems) since this has such a key interdependency on a number of the other projects.

Members went on to query if the project end date was merely a date by which software would be implemented, or if the time scale included implementation, process alignment and, training? The COO confirmed this would vary e.g., Pro-Solution implementation is already being developed via a workstream/end user approach, but this will need to be considered on a case-by-case basis with other workstream systems.

A member noted the reliance on key staff (notably the Group Director of IT) - has this been risk assessed, and are we providing sufficient and the right type of support? The COO confirmed that regular 121's and support is in place. Recent assessment of workload has resulted in acknowledgement some projects will need to be shared/delegated out to other or third-party staff in order to preserve capacity.

Members discussed the reporting tool currently in use and made suggestions for additions to help drive and focus oversight, these included;

- An additional line for end user training and or user feedback
- Interdependency to other projects
- Contingency
- An explanation of RAG criteria

**ACTION: CCO to ensure current project workstream reporting tool to be updated to include end user training/feedback, interdependency to other projects, contingency as well as an explanation of the RAG criteria**

In respect of ongoing oversight, Members discussed where this might best sit, acknowledging by nature of the topic, it was across all Committees. Members also noted with most of the delivery dates are before the end of the summer term, the current Governance/Committee cycle would not lend itself to provide sufficient support. A Member suggested a task and finish group or other delegation of review on behalf of the Corporation. In the first instance, Members agreed a copy of the current workstream reporting tool should be submitted to the Corporation meeting next week (20 March) to seek views and to suggest a delegation of Cttee Chairs as an oversight mechanism until end of delivery (end July 24)

**ACTION: COO to provide current project workstream reporting tool to Corporation 20 March for review/discussion.**

**13/23 Item 2: Welcome and Apologies for absence**

The Chair introduced David Parfitt as a prospective new member of the Audit Committee. Apologies for absence were received from Kerrie Clark for the next two meetings. The Cttee were informed Phil Harris Bridge had tendered his resignation since the last meeting – as a result a decision will be put to the Corporation next week to temporarily reduce the quorum of this Committee to two (until suitable recruitment has concluded).

**ACTION: DG to note A&R recommendation that Corporation approve a reduction of the quorum of the Audit & Risk Committee from 3 to 2 on a temporary basis.**

**14/23 Item 3: Declaration of Interests**

Members were reminded of the need to declare any personal or financial interest in any item of business to be considered at the meeting. No declarations were made.

**15/23 Item 4: Minutes of the meetings held on the 21 November, 18 December and 8 January**

Minutes from the previous meetings held on 21 November, 18 December 2023 and 8 January 2024 were reviewed for accuracy. Members agreed they were an accurate reflection of the meeting held and they were approved.

**DECISION: The minutes of the meeting held on 21 November, 18 December 2023 and 8 January 2024 were agreed as a true and accurate record**

**16/23 Item 5: Matters arising**

Members reviewed an 'outcomes' document which outlined the decisions made and actions agreed at the previous meetings. The Chair noted that there was a typo of 'check' still included in the Joint Committee Meeting Outcomes report. There were no additional comments.

**ACTION: DG to check typo included in the Joint Corporation meeting outcomes document**

**17/23 Item 6: Items of Focus**

The Chair identified items of focus for this meeting as the previous deep dive in relation to systems and process as a result of his meeting with the COO. The Chair thanked the COO for his support and transparency.

**18/23 Item 7: Eastleigh College & Eastleigh College Ltd Accounts for the financial year ending 31 July 2023**

Stuart McKay Partner from McIntyre Hudson joined the meeting via TEAMS and provided an overview to the Audit Findings report and a presentation of the accounts for Eastleigh College & Eastleigh College Ltd for the

period ending 31 July 2023.

Items of note included;

- Provisions in letter of representation due of the lack of proof that adequate review of potential related party transactions and filing of MPM return had been completed during the financial year
- Pensions note re: impairment of pension asset in line with other Colleges.
- Comment re: requirement for financial models and modelling of cashflow which is to be expected in line with issues already outlined.
- Note that Auditor fee's increased due to delay/complexity.

The Chair noted that in Section 5: there was a typo suggesting that contact had been made with the Audit Chair of Fareham – this should be amended to say Eastleigh.

**ACTION: DG to ensure Section 5 of Audit Findings report to be amended re: Chair of Audit at Eastleigh NOT Fareham**

A member noted that this was a rather damning report, is the EA confident in the unqualified opinion despite regularity issues as they were in year? Are there no further matters of concern? SM from McIntyre Hudson confirmed the finding of a true and fair view audit of the financial statements, noting the disclosures remain as they stand in the Audit Findings report. [REDACTED]

The Chair asked members of the ELT if they felt happy with the content and wording of the Audit Findings report and whether anything has arisen while preparing the accounts, that wasn't either flagged or noted as part of the merger due diligence? Members of ELT noted their endorsement of the content/wording in respect of the requested disclosures. One unexpected financial provision relating to College House has arisen (but this is not material). The CEO noted next steps to share with DfE. [REDACTED]

Members went onto discuss the Eastleigh College Ltd Accounts as an entity, noting there was no allocated Company Secretary since the resignation of the previous incumbent. SM confirmed there was no longer a requirement at Companies House to file a named Co. Sec.

Members discussed the Directorships noting ex-Governor Natalie Wigman should be removed and discussed alternative replacements querying the rationale/importance of this being retained as Governor.

Members of ELT noted that Directors had been allocated in short time frames pre-merger and that wider consideration of the retention and or use of the Ltd co has yet to be completed. SM from McIntyre Hudson confirmed post re-classification under the rules of MPM, Colleges are not permitted to create new subsidiary Ltd co, which may have a bearing on our decision making. Members requested a pro's, cons and risk assessment of the retention of Eastleigh College Ltd should be reviewed and brought to an appropriate Committee/or the Corporation for approval.

**DECISION: Members of the Audit Committee & Corporation approved the Eastleigh College & Eastleigh College Ltd accounts for the period ending 31 July 2023.**

**ACTION: COO to Review of the retention/future use of Eastleigh College Ltd to be presented to the next appropriate Committee or Corporation.**

### **19/23 Item 8: Strategic Plan/Merger KPI's**

The COO introduced this report, circulated in advance, which provided an overview of those merger and strategic plan KPI's specifically under the remit of the Audit & Risk Committee.

On review, Members endorsed the work completed to date on the Board Assurance Framework (BAF) and agreed this KPI was now complete. The Chair recommended the Cttee retain KPI 9 “Auditor and Audit Cttee assurance on working of financial controls, processes and business systems” noting the scheduled end date of July 2024 should be kept under review.

**ACTION: CEO to amend KPI 10 “Board Risk assurance framework in place and delivering well” as complete on the merger KPI spreadsheet.**

**ACTION: DG to moved Strategic Plan H&S KPI to the remit of Audit & Risk (incorrectly allocated to Resources)**  
**The Committee noted the report**

### **19/23 Item 9: Risk Management Termly Review**

The COO introduced this report noting that significant review has been undertaken since the last Audit Committee meeting in an attempt to provide more consistency in scoring and allocation of controls. Members were also asked to note as an appendix to this report, mapped against the risk register, other control assurance and 3<sup>rd</sup> party reviews taking place outside the remit of the Internal Auditor TIAA.

Members were informed that Cusack H&S Consultancy started this week, they are keen to involve Governors and wish to seek their views on H&S in the Group. Both the Chair of the Corporation and the Audit & Risk Cttee Chair offered to be involved.

**ACTION: DG to provide details for SP, IH and AW details to Cusack in respect of the H&S Internal Audit review**

Members discussed the cyber security risk noting much of the actions and controls are allocated again to the Group Director of IT- is there wider support for them and their team? The COO confirmed that the next audit meeting will receive a deep dive on cyber security to provide assurance on this key risk, in the short-medium term we will be looking to JISC to provide some testing and auditing. Members queried the availability of wider support within IT reiterating concern on the over reliance on one member of staff. The CEO confirmed the restructure of the IT team is part of Wave 2, but items such as e.g., risk control allocation could and should be shared more widely within the IT team currently.

The Cttee went onto note that whilst cyber security is at an increased risk because of the systems changes and integration, we are regardless exposed in respect of IT and Systems controls as an entire area. Members queried if the residual risk score for systems risk should be increased or if additional risk control measures e.g., a specific IT/systems risk register should be developed. After discussion, the Cttee agreed that this matter linked directly to the required governance of project workstream reporting already identified under the deep dive section of the agenda. Members agreed to wait for the outcome of discussion and decision at Corporation before agreeing any additional changes to risks/scoring or additional control environments.

**ACTION: COO to consider review of IT/Systems risk and any need for additional controls/changes to the risk register post Corporation review of project workstream reporting on 20 March.**

**The Committee noted the report.**

### **20/23 Item 10: Health and Safety Termly report.**

The Committee noted a report supplied in advance, detailing Health and Safety (H&S) processes and reporting in place for the new group. Questions were welcomed.

The Chair expressed disappointment in the low scores of compliance for online H&S training, and questioned what action is in place to reinforce this? COO confirmed that the individual managers have been followed up

with and provided with lists of staff not-complying. In respect of KCSIE specifically, a letter from the CPO noting the potential for disciplinary action has been drafted (subject to non-completion by 31 March 2024)

The Chair also raised concerns in relation to the H&S incident involving the third-party contractor. 'Compass'. Can the Group provide reassurance of the due diligence in place when appointing contractors? The COO confirmed that procedures and processes are in place and agreed to provide additional reassurance.

**ACTION: COO to provide additional reassurance on approach to due diligence when appointing contractors**  
**POST MEETING NOTE: Group Director of Estates and Facilities confirmed during initial introduction meetings expectations are set out along with group H&S guidelines, new company questionnaires are sent to all companies which requires, insurance proof, DBS, companies house etc by Finance etc, once approved as a new supplier by finance, each aspect of work undertaken is then accompanied by RAMs which are reviewed prior to work permits being issued and works commencing.**

Members noted the ongoing issue with underreporting of 'hazards' and 'near misses' and welcome the useful explanation of where it could/should be. The COO confirmed review of training in this area will be part of the external H&S audit work being undertaken.

A member queried the lack of Mental Health and Wellbeing data and training information from the report.  
**ACTION: COO to ensure H&S reporting includes of Mental Health and Wellbeing data and training**

**The Committee noted the report**

**21/23 Item 11: TIAA Statement of Internal Controls Assurance (SICA)**

TIAA introduced this report noting it provided key sector updates as well as an overview of the IA programme to date.

**The Committee noted the report.**

**22/23 Item 12: Internal Audit Reports: Key Financial Controls Eastleigh/Sales Ledger and Southampton Purchase Ledger.**

TIAA introduced these two reports noting they both had resulted in 'reasonable' assurance with minor points of action/improvement that would likely be picked up with ongoing harmonisation of systems and processes.

The Cttee welcomed the reports on key financial controls and noted the points of action. A member expressed concern on the 38% of debtors not followed up with and queried the explanation for this as well as intentions going forward? The COO confirmed that the finance team at CCS has been unstaffed for some time and this was an area of work neglected. Work has already begun picking up debts and assessment of write off. The Chair requested the suggested implementation of revised financial procedures across all campuses is brought forward to 31 July 2024. COO agreed.

**ACTION: DG to liaise with TIAA to bring forward the implementation date for revised financial procedures across all campuses to 31 July 2024.**

**The Committee noted the reports.**

**21/23 Item 11: Management Progress with recommendations & follow up**

TIAA confirmed this report now included a combined tracker for both Fareham and Eastleigh with any items overridden by merger identified and updated or removed. TIAA reminded the Committee that evidence of those actions completed would need to be provided in order to ensure they are removed from the tracker.

**The Committee noted the report.**

**25/23 Item 12: AOB (Any Other Business)**

There were no further items of business. It was noted the next Audit & Risk meeting would be held on Wednesday 19 June 2024. The meeting ended at 19.15