

**ADDITIONAL MEETING OF THE AUDIT & RISK COMMITTEE
OF SOUTH HAMPSHIRE COLLEGE GROUP CORPORATION
ONLINE VIA TEAMS
Tuesday 21 November 2023 17.30**

Members Present: Ian Harris
Phil-Harris Bridge
Bernie Topham

In attendance: Michael Johnson (Chief Operating Officer)
Georgina Flood (Director of Governance)
Andrew Kaye (CEO (Chief Executive Officer)
Sandra Prail (Chair of the Corporation)

01/23 Item 1: Apologies for absence

Apologies for absence were received from Kerrie Clark and TIAA.

In opening the meeting, the Chair identified items of focus for this meeting (as agreed in his pre-meeting with the COO) as the Board Assurance Framework (BAF) the IA plan and the appointment of the Internal and External Auditors.

02/23 Item 2: 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. The Chair noted the regular attendance of both the CEO and the Chair of the Corporation to Audit & Risk meetings, members were reminded of their presence as invitees at the discretion of committee and can be asked to leave/not be party to discussions at any time. All agreed.

03/23 Item 3: Minutes of the meeting/Matters arising

It was noted there were no previous meeting minutes and as such no actions to review. In respect of matters arising the DG reminded members that a final version of the Committees updated Terms of Reference (ToR) and Annual Cycle of Business were included in the pack for Corporation sign off in December. All agreed.

DECISION: The Committee recommended the Corporation approve the Audit & Risk Committee TOR and ACB

04/23 Item 4: Strategic & Merger KPI's

The CEO provided a brief overview to the Audit & Risk allocated KPI's – it was noted due to the nature of the DfE (Department for Education) /PIMS (Post Intervention Monitoring and Support) targets there were only a total of three for the Audit & Risk Committee to keep under review. Members were informed that a score of '3' didn't represent that no work had taken place, rather that work either wasn't due at this time or was planned later in the year. The Committee noted a second update to the KPI (Key Performance Indicator) tracker will be made in advance of the December Corporation meeting.

A member queried if mental health and wellbeing was included as part of the H&S/Safeguarding KPI. The CEO confirmed it was and agreed this could be made clearer.

ACTION: K15 to be updated to include mental health and wellbeing.

05/23 Item 5: Risk Appetite

The COO introduced this report circulated in advance which provided an overview of the collective risk appetite of the Executive Leadership Team and that of the Corporation. A review of both suggests that there is good consistency with only slightly different scores in the ranking of open or eager in one or two areas of risk.

An option to agree a calibrated risk strategy using either the average or the mode (most frequent response) was discussed by the Committee. It was noted the risk appetite would then be applied to the risk register and BAF which will then help formalise the response and attitude based on an agreed risk appetite.

Members discussed the scoring of People & Culture being cautious v. open and the fact resulting scores between 'median' and 'mode' split this either way. Members agreed the post-merger environment of alignment and re-structure was likely to contribute to the cautious response. It was discussed in the longer term this score may be re-visited to move to 'open' to encourage innovation and wider thinking. On discussion, the Committee agreed that the 'mode' would be the preferred method of agreeing an agreed approach.

DECISION: The Committee agreed to a calibrated risk appetite using the 'mode' to be recommended to the Corporation

06/23 Item 6: Board Assurance Framework

Members reviewed the Board Assurance Framework, further developed by the members of ELT (Executive Leadership Team) since it was first viewed by the Corporation at its meeting in October. Members were asked to view the additions of control measures and the onward impact of scores to set the residual risk.

Members discussed the scoring of Strategic Risk 11 'Cyber Security incident' debating if control measures are successfully in place, whether the likelihood or the impact is reduced. It was agreed that this would be reviewed outside of the meeting. The Committee generally agreed that the residual risk should likely score higher than 'medium' whilst the inherent risk should also be increased.

ACTION: COO to review strategic risk 11 'Cyber security event' for revised inherent and residual scoring.

Members discussed the residual score of SR9 Public health emergency as a 'low' score 4. Members queried a sense of complacency post COVID e.g. a measles or meningitis outbreak despite COVID experience would be very hard to mitigate. It was agreed the residual score should be increased.

ACTION: COO to review strategic risk 9 'Public Health Emergency' for revised residual scoring.

The CEO noted whilst there were still some areas of development to be made, the development of a group wide risk register at this stage post-merger is a significant achievement. It was noted as risks are shared more widely with managers across the group there is some inconsistency in the content of control measures, however from experience at Fareham College, the detail and nuance improve significantly over time. The CEO welcomed the scrutiny and focus from the Committee.

A member welcomed the reporting elements from the 4risk software (notably the risk table) and queried what reporting and tracking might look like moving forward. The DG confirmed that the risk table can be reported on within a specific time frame e.g. monthly/termly and an additional column showing 'movement' within scoring of risks will be presented to the Committee for review. The Committee endorsed this approach.

The CEO queried now the BAF had been agreed in general terms if the Committee have a view on each individual committee being required to have oversight and review of 'their' risk. Both the Chair and the Chair of the Corporation felt it was important that risk was owned as widely as possible and as such this should be a committee requirement. It was agreed both the Chair and Chair of the Corporation would liaise with Committee Chairs to share this information /explain the rationale. All agreed.

ACTION: IH and SP to liaise with Committee Chairs to communicate termly committee specific risk review
The Committee noted the report.

07/23 Item 7: Health and Safety Termly report

The Committee noted a report supplied in advance detailing the Health and Safety (H&S) systems in place for

the new group. Items of note included.

- H&S training, need to chase up and quantify the scale of e-learning not being completed by staff.
- Incident reporting is low with under reporting of near misses,
- It's been noted the H&S Officer at FC (Fareham College) had been covering a significant number of first aid shifts, this now need to be addressed to 'share' the responsibility
- A contract has been awarded for an external H&S consultant
- Work is underway to review the platform of H&S reporting systems and aligning these across the business.

The Chair queried the numbers of the staff not completing e-learning in order to understand the context and scale of the issue. The COO noted that the initial concern was that there were some managers themselves that haven't completed some of the training. The CEO agreed it would be beneficial to add some statistics to future reports depending on the method in which this information is captured each of the Colleges.

ACTION: Statistics for H&S training to be added to future H&S reports

The Committee discussed the low level of reporting for near misses noting that the industry benchmark was a ratio of 1:10 and as such 5 across the group was very much considered to be under reporting. Members discussed the ease and ability to report near misses as a priority for staff to encourage reporting. The COO noted that streamlining reporting systems was underway.

Another member raised concerns with the format of the report noting that additional data and information for supporting context would be useful moving forward e.g. H&S training. Additionally, it was noted the graph depicting internal health and safety audits was not clear (notably the X axis measurement). Overall, there was concern that the concluding statement that the group has a 'good underlying H&S culture' could be inferred as complacent at this early stage - it was important that the Committee are provided with sufficient evidence and data to make this assumption. The CEO agreed, noting the rationale for engaging a 3rd party contractor was to get an initial assessment and benchmark of the group's position.

A member queried where the data on mental health and wellbeing is being reported? E.g. MH first aid training The CEO confirmed this would likely be covered in the people report at F&R. This was noted, and whilst duplicating reporting is not required, since the KPI remains the responsibility of the Audit & Risk Committee, caution was raised to ensure the oversight of this doesn't fall between the two Committee. All agreed.

ACTION: Mental Health and Wellbeing data to be included in ongoing F&R reports

A member noted the H&S policy was not present on the Group website (as suggested in the report)

POST MEETING NOTE; DG confirmed as the H&S policy is not legally required on the website, it has not been included. The Committee's view on the publishing of this is welcomed.

The Committee noted the report

08/23 Item 08: Management Progress with recommendations & follow up

TIAA were not in attendance at the meeting. The COO noted they had not had an opportunity to review and assess these actions in advance of being issued to the Committee. It was noted there were a number of legacy actions that it might be prudent to 'retire' now that circumstances for each of the original entities (Fareham

and Eastleigh) have changed due to merger. The Chair agreed to this approach in principle but cautioned against losing some of the outstanding (and likely relevant) actions relating to cyber security. The Committee agreed that a single tracker would be required moving forward.

ACTION: COO to work with TIAA to review and streamline outstanding recommendations into a single tracker

The Committee noted the report

10/23 Item 10: Appointment of Internal Auditor TAKEN AT SAME TIME AS ITEM 9

The Chair opened the discussion by noting he felt that IA had a valuable role to play and as Chair would be nervous around moving entirely away from a traditional approach especially at this stage post-merger.

[REDACTED]

The COO suggested that there may be merit in using TIAA for more generalised audits whilst commissioning specialist audits in specific areas e.g. H&S or Safeguarding. The Committee discussed and identified several audits that would merit specialist commission which included, cyber security, financial controls, and apprenticeship funding.

Members discussed the challenge remained in tendering and recruiting an alternative provider in such a small marketplace. [REDACTED]

[REDACTED] The Committee were asked to consider the recommendation that TIAA as the incumbent Auditor should have their contract extended until July 2024. All agreed this was a pragmatic option. The DG suggested a 12-month extension (until 31 Dec 24) might be more realistic. All agreed **DECISION: The Committee recommended the Corporation extend the contract of the Internal Auditor TIAA for SHCG (South Hampshire College Group) until 31 December 2024.**

09/23 Item 09: SHCG Internal Audit Plan TAKEN AT SAME TIME AS ITEM 10

The DG noted the ongoing contract position with TIAA and Fareham as the continuing entity (due to expire 31 December 2023) to this end, the IA plan only runs until 31 December. Members noted the 3 suggested audits of risk management, emergency response planning and control and systems planning. [REDACTED]

[REDACTED]

Members agreed that robust feedback should be provided to TIAA in respect of the discussions held this evening. It was suggested they should be informed that a one-year extension is conditional on them providing improved service. The Chair suggested considering the extension, TIAA should return a more robust IA plan (ideally using best practice from other post-merger groups they have worked with) to provide a revised plan. **ACTION: COO to meet with TIAA and provide feedback requesting a revised audit plan is provided ASAP.**

The DG queried onward progression of the internal audit plan for Corporation approval suggesting a revised plan for 11 December may not be possible. The Committee noted this may need to be agreed outside the formal meeting cycle.

DECISION: The Corporation to note that that IA plan (if not ready for 11 Dec) will be approved by the Audit & Risk Committee outside of the current meeting cycle

11/23 Item 11: Appointment of External Auditor

The COO introduced this report noting that the incumbent EA for CCS (City College Southampton) and EC (Eastleigh College) will be resigning at point of conclusion of the 2023 accounts. To this end, SHCG will pick up Fareham College's incumbent auditor RSM. [REDACTED]

[REDACTED]. The COO noted he felt relaxed about the approach to tender immediately and agreed there may be merit in retaining RSM who have experience of all three Colleges. Members discussed the pro and cons of tendering at this stage and agreed to retain RSM for a one-year period to complete the 2024 accounts.

DECISION: The Committee agreed to recommend to the Corporation to retain the EA contract with RSM for the completion of the 23/24 accounts

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

The Chair requested that the COO provide a verbal update on progress towards the statutory accounts for each of the College's. The COO noted that due to delays at City College Southampton the audit meeting has been postponed from 28 November until 18 December. The Committee were thanked for their flexibility and informed there was confidence both sets of accounts will be ready for the revised deadline/presentation for filing with ESFA (Education and Skills Funding Agency) on 31 December 2023. The COO confirmed that due to ongoing issues at Eastleigh a request has been made (and accepted) by the ESFA to delay filing of accounts until 31 March 2024. In response to a question the COO confirmed there were no key issues of concern in respect of the audit, just a lack of preparation.

There were no further items of business. The Chair thanked members for their contribution noting the robust discussion and welcome challenge. It was noted the next Audit & Risk meeting would be held jointly at the re-arranged date of Monday 18 December (previously 28 November). The meeting ended at 19.03.