

**JOINT MEETING OF THE CORPORATION AND AUDIT & RISK COMMITTEE
OF THE SOUTH HAMPSHIRE COLLEGE GROUP**

CORPORATION MINUTES

Boardroom, Fareham College
Wednesday 4 December 2024 at 19.00

M I N U T E S

Present:	Jennese Alozie	Fran Butler
	Nick Cheaney	Sarah Harder-Collins
	Ian Harris	Greg Kitchin (Staff Gov)
	Collins Ntim	Colin O'Donoghue
	Caroline Perrett (Staff Gov)	Sandra Prail (Chair)
	Andy Wannell	Phillip Wright
In attendance:	Georgina Flood	Director of Governance
	Michael Johnson	Chief Operating Officer
	Andrew Kaye	CEO
	Frances Millar	RSM Ltd (External Auditor)

18/24 Item 2: Welcome and Apologies for absence

Welcome and apologies for absence were confirmed as stated at the earlier Audit & Risk meeting.
It was noted Audit & Risk Committee Members Bernie Topham and Kerrie Clark had left the meeting.

19/24 Item 3: Declarations of Interest

Declarations of interest were confirmed as stated at the earlier Audit & Risk meeting.

20/24 Item 21: Audit & Risk Committee Recommendations for Corporation approval

The Chair introduced this item noting the following items for Corporation approval – on recommendation from the Audit & Risk Committee.

- **Self-Assessment of Compliance with Regulatory & Propriety Requirements (RSAQ) for 2023-24**
- **Annual report of the Audit Committee to the Corporation for 2023-24**
- **Internal Audit Annual report for 2023-24**
- **Health & Safety policy**
- **Data Protection policy pack**

DECISION: The Corporation approved all of the above recommendations (subject to suggested changes to policy and reporting as detailed in the A&R Committee minutes).

21/24 Item 22: External Audit: Presentation of Accounts for SHCG & Eastleigh College Ltd

Audit Findings report for SHCG

External Auditors, RSM, introduced this item starting with the Audit Findings report. It was noted that a couple of queries are still outstanding but RSM are confident will be in a position for final sign off next week.

RSM outlined the identified key risks as agreed at the Audit & Risk Committee meeting in June noting the following points;

- Income reconciliation was generally fine and included an ILR data check – there were (as to be expected) a few omissions/inconsistencies.
- There were no identified instances of any management override of controls
- Going concern remains a common issue in FE, but cash reserves are positive, and sensitivity analysis (especially in respect of capital cashflow) as an area of fluctuating spend has been confirmed as acceptable
- Pension Scheme Liability – in line with wider sector, assets will not be recognised within financial statements
- Managing Public Money – no concerns/issues to report

Of note the Corporation were informed that there was an issue obtaining/retrieving some records mainly at Southampton however there was also lack of evidence of a deferred grant agreement which may raise ongoing issues with disposals. The audit found some data anomalies for apprenticeships as to be expected and some minor data gaps in respect of starters and leavers (but no material concerns or concerns of fraud).

Members discussed the issues with accessing records and were informed this referred to the loss of access to an online system, that contained completed purchase orders information (data downloads were taken, but not in sufficient detail.) It was suggested and agreed that this should be considered a lesson learnt in respect of adequate risk assessment in advance of closing any IT system.

In respect of the deferred capital grant a Governor challenged the recommendation to continue to look for the missing document when it doesn't seem sensible/prudent to continue to do this. RSM noted that this may seem pointless but that the grant refers to around £13m investment of assets SHCG will need to be clear about in the event of disposal. A governor suggested it may be more worthwhile to scope out and agree how these costs may/should have been distributed historically and agree to apply these values moving forward. RSM agreed this was an option.

ACTION: COO to review the assets included in the deferred capital grant and work to assign values in line with the original agreement to apply these moving forward.

SHCG Financial Statements

RSM provided a brief overview of the financial statements for SHCG for the year ending 31 July 2024. A member queried the significant level of 'swing' c. £12m within both the surplus deficit on cash flow, and non-cash items seeking assurance if this was commonplace. RSM confirmed that there were notable and high-level movement of funds due to merger e.g., DfE funding (c.£12m), the clearing of bank loans and the significant capital expenditure has all worked through this year's accounts. RSM confirmed this was unusual and that there would be an expectation that future years will show less change/variance.

EC Ltd Financial Statements

The COO provided a brief history of EC Ltd and the previous Board decision to make the company dormant

after this filing. RSM made no additional comments. A member queried the requirement to change the share capital, etc before making it dormant. COO confirmed this was being dealt with via Eversheds. The Chair of A&R queried if the intention to cease trading will affect the statement in respect of going concern. RSM agreed a disclosure as a post-balance sheet event would be made to cover this off.

ACTION: DG to liaise with RSM. RSM to add a disclosure in respect of the decision to cease to trade via EC Ltd.

DECISION: The Corporation approved delegation of the signing of the accounts for EC Ltd for 2023-24 (subject to no material changes) to the Chair and the CEO.

DECISION: The Corporation approved delegation of the signing of the accounts for SHCG for 2023-24 (subject to no material changes) to the Chair and the CEO.

22/24 Item 23: Charity Commission Application

The Chair introduced this item noting that the report seeks Corporation approval to apply to the Charity Commission for the authority to offer remuneration to the role of Chair. Ongoing and extensive work has been undertaken to recruit a permanent Chair for SHCG since before merger. Due to ongoing lack of success, there was a suggestion from the FEC Commissioner to seek approval from the Charity Commission for authority to remunerate this position. All agreed.

DECISION: The Corporation approved the application to the Charity Commission to offer remuneration to the role of Chair.

19.27 NON-INDEPENDENT GOVERNORS AND STAFF GOVERNORS WERE ASKED TO LEAVE THE MEETING DUE TO A CONFIDENTIAL AGENDA ITEM.

23/24 Item 24: Whistleblowing Report

The CEO introduced this item noting that this report provides assurance that following a whistleblowing event due process was followed and issues raised have been acted upon, with actions identified and assigned.

A member suggested consideration is made for a dedicated whistleblowing@ email address to encourage non-anonymous declarations. All agreed.

ACTION: CEO to consider the set-up of a dedicated whistleblowing email address.

19.32 Staff Governors returned to the room.

24/24 Item 25: Any Other Business

The Chair noted that this is the close of the meeting and confirmed that the next meeting of the Corporation is scheduled to take place on Tuesday 10 December 2024 at Eastleigh College followed by the Christmas Meal in the East Avenue Restaurant.

The meeting ended at 19.32

IMPACT

- Governors followed best practice by holding a joint Audit & Corporation meeting which provides good governance in respect of the emphasis on collective responsibility
- Governors used robust scrutiny and constructive challenge to problem solve a suggested action in respect of deferred capital grant
- Governors used scrutiny to ensure that recent updates in respect of EC College Ltd had been acknowledged by the external auditors
- Governors used innovative methods to try to resolve an ongoing recruitment issue by seeking an application to the Charity Commission
- Governors used appropriate Governance to ensure a private and confidential discussion was able to be held
- Transparency and openness were practiced by informing Governors of a whistleblowing incident
- Governors suggested a mechanism to increase transparency and opening within the organisation