



**Joint Audit and Finance & General Purposes Committee**  
**Wednesday 30 November – 11.15am to 12.30pm**

<b>Governors</b>	<b>Type</b>	<b>Initials</b>	<b>Attendance</b>	<b>Apologies</b>
Michael Wood-Williams	Chair – Audit Committee Chair	MWW	X	
Aneela Ali	Audit Committee Member	AA	X^	
Darren Curry	Co-opted Audit Committee Member	DC	X	
Jennifer Boyle	Co-opted Audit Committee Member	JB		X
Martin Hedley	Finance & General Purposes Committee Chair	MH	X	
David Brind	Finance & General Purposes Committee Member	DB	X	
Gareth Edmunds	Finance & General Purposes Committee Member	GE		X
Alan Potter	Finance & General Purposes Committee Member	AP	X	
Sharon Kinleyside	Finance & General Purposes Committee Member	SK	X	
David Alexander	Finance & General Purposes Committee Member	DA	X	
<b>Clerk</b>				
Nicola Taylor	Director of Governance & Compliance	NT	X	
<b>Attendees</b>				
Jeremy Cook	Deputy Principal: Finance & Resources	JC	X	
David Keetley	Financial Controller	DK	X	
David Hoose	Mazars – External Audit	DH	X*	
Graham Gillespie	Wylie and Bisset – Internal Audit	SP	X*	

\*Attended via Teams / ^Attended for part of the meeting.

**JFA/25 1. Chair's welcome, apologies, conflicts of interest**

The Chair opened the meeting and welcomed the attendees. Apologies were noted from JB and GE. It was noted that AA would join the meeting slightly later.

The Chair asked if there were any interests to declare, and DA highlighted his ongoing interest as the Chair of the Scottish Funding Council and Mazars being their Internal Auditors.

*The conflicts were noted.*

**JFA/26 2. Minutes of the last Audit Committee meeting dated 1 December 2021**

The Committee reviewed the minutes of the previous meeting and agreed they were a true and accurate record of the previous meeting.

*The minutes were approved.*

**JFA/27 3. Matters Arising / Action Log**

There were no actions from the previous meeting.

ONS Update

JC provided an update on the ONS decision to reclassify colleges into central government, which was confirmed on the 29 November 2022. It was noted that there would be implications across governance, audit, finance and financial management. It was suggested that there was likely to be significant amends, however further guidance and instruction was awaited. There was note to a 20month transition period to August 2024.

In terms of the Financial Statements for 21/22, it was confirmed that there would be a disclosure that this event had taken place, however no further amends would be required. This was confirmed by DH. GG and DA noted that this decision had been made a number of years ago relating to Scottish colleges and therefore had some prior experience of this.

It was noted that the College had been highlighted to some immediate guidance relating to 16 things the College should be aware of following the decision, and the Executive Team were starting to unpick this. DA confirmed he would provide an update to the Board at the December 2022 meeting.

**Action: DA to provide an update on the ONS decision to reclassify colleges into central government within his Principal's Report at the December 2022 meeting.**

*The update was noted.*

**JFA/28 4. Audit Committee – Self Evaluation Checklist 21/22**

*AA joined the meeting*

JC presented the report and highlighted the following:

- The self-evaluation process was part of good governance, and the self-evaluation checklist remained unchanged from the previous year to ensure consistency.

The Audit Committee members were asked for feedback in relation to any specific improvements they would like to consider going forward. The Audit Committee members **agreed** that they wish to continually improve however there were no specific suggestions. It was noted that the Audit Committee would be interested in gaining a greater college wide perspective and therefore it may be helpful to hear from others outside of Audit.

The Internal and External auditors were asked for their feedback, and there were positive comments made around the engagement of the Committee and the level of challenge to both the Executive Team and the auditors. It was agreed that the skills matrix should be closely monitored in relation to any potential skills gaps.

***The report was approved by the Audit Committee members.***

## **JFA/29 5. Audit Committee – Draft Annual Report 21/22**

JC presented the report and highlighted the following:

- The report was an annual report based on the work of the Audit Committee over 21/22 to help evaluate effectiveness. The Board would consider the report ahead of approving the Financial Statements at the December 2022 Board meeting.
- The report was required by the Audit Code of Practice, and covered all elements required.
- There were a number of areas highlighted in red which were to be finalised following the completion of the external audit.  
**Action: JC to finalise text following completion of the external audit.**
- The report provided a summary of the work completed.

The Audit Committee sought any comments from the Internal Auditors and it was confirmed that the report was as expected.

***The report was approved by the Audit Committee members, subject to the finalisation of the text.***

## **JFA/30 6. Regularity Self-Assessment Questionnaire**

JC presented the report and highlighted that the questionnaire had previously been taken to the Audit Committee for an initial review. Mazars required the questionnaire to be completed and signed prior to signing off the final accounts.

JC confirmed that no issues had arisen from the external audit and this was agreed by DH.

The Audit Committee members confirmed that they had reviewed this at their meeting on 7 November 2022.

***The report was recommended for Board approval.***

## JFA/31 7. Assessment of Going Concern

JC presented the report and highlighted the following:

- As part of the Financial Accounts final sign off, the Board were required to consider the going concern status of the College.
- There had been some challenges within the prior year, however there were no such challenges for 21/22.
- To carry out the assessment, the budget set for 22/23, the financial forecast for 23/24 and the most recent management accounts were considered.
- The current financial position was sound, with an ESFA financial health rating score of Outstanding. The College were on target to reach the suggested budget surplus at the end of the financial year.

The Committee **noted their acknowledgement** of the level of work carried out over the past academic year.

***The report was recommended for Board approval.***

## JFA/32 8. Review of Strategic Risk Register

JC presented the report and highlighted the following:

- The paper captured the progress made to date, including the reduction in strategic risks and the alignment to the strategic plan.
- Future reports would include horizon scanning, following on from a request by the Audit Committee. This would include the work being done in these areas and to highlight any new potential risks.
- Work was underway to embed operational risk management within the operational planning process internally.

The Finance & General Purposes Committee Chair provided the following feedback from the Committee's recent discussion:

- The 6 risks specific to F&GP had been discussed.
- The Committee looked at the residual risk scoring and sought further detail as to the scoring of each appetite categorisation to help them further understand if risks had been mitigated proportionately. The Executive Team had agreed to explore this further.
- The Committee sought assurance that risks were being mapped against internal audits, and it had been confirmed that this was the case.
- The Committee noted their intention to focus time on specific risks to explore each risk in detail to ensure the mitigations were working effectively.

The Audit Committee Chair provided the following feedback from the Committee's recent discussion:

- The Committee endorsed the direction of travel in relation to the improvement of the Strategic Risk Register.
- The Committee had reviewed each of the risks on the Strategic Risk Register in detail and considered how often the risk register should be reviewed.
- The Committee has requested for reports to reference strategic risks and strategic KPIs within the papers going forward.

**The Committee discussed the following:**

- The notification of changes within the register where this related to something material. It was agreed that due to meeting cycles there wasn't a large gap between meetings, however email notification would be appreciated.

**Action: Executive Team to notify relevant Committee Members where risk scoring changes materialistically between meetings.**

- The importance of cross sharing of information, the utilisation of seeking assurance through Internal Audits and the focus on specific risks to ensure mitigations were being tested appropriately.

***The report was noted.***

**JFA/33 9. Draft Financial Statements 21/22**

JC provided an overview of the reports presented.

External auditor findings report / Findings of 21/22 External Audit

DH highlighted the following:

- The external audit was substantially complete.
- The report included an executive summary, status of the audit, the approach to the audit, significant findings and a summary of misstatements.
- There were no internal control recommendations, which was unusual for the sector.
- There were 2 adjusted misstatements.
- The external audit had followed a smooth process, and DH provided his thanks to the Finance Team.

Letters of Representation

The letters of representation were included within the audit completion report and were standard letter.

Gateshead College Financial Statements

The Financial Statements had been created and were due to be approved by the Board in December 2022.

JC noted that the first draft of the financial statements was prepared using the figures included in the July management accounts that were considered by the Finance and General Purposes Committee in September and updated prior to presentation to the Board in October, confirming that the operating surplus of £546k exceeds the surplus in the budget approved by the Board for 2021/22 by £24k.

Subsidiary Financial Statements

The Financial Statements had been created and were due to be approved by the relevant Boards (the Gateshead College Foundation and the North East Apprenticeship Company) ahead of the end of the calendar year

**The Committee noted the following:**

- The positive position of the External Audit.
- The streamlined process undertaken and updates provided throughout the year.

The Committee **noted their thanks** to the internal Finance Team and external auditors for the work undertaken.

***The report was recommended for Board approval.***

#### **JFA/34 10. Any Other Business**

##### Meeting Evaluation

The Chair asked the attendees to evaluate the meeting, and the following comments were made:

- There was good content within the papers.
- There had been a good discussion within the meeting.
- There was a good synergy between the two Committees.
- The hard work of the Finance Team and auditors was recognised.
- The meeting had been straight forward with a clean audit and clear information provided.

##### Evaluation of External Auditors

JC noted that following the completion of the external audit, he would be issuing out an evaluation questionnaire to the Audit Committee based on the external auditors' performance.

***The update was noted.***

#### **JFA/35 Date of the next meeting**

The dates of the next meetings were as follows:

- Finance and General Purposes Committee – Wednesday 1 February 2023 at 10.00am.
- Audit Committee – Wednesday 15 February 2023 at 4.00pm.