



Meeting of the Audit Committee
Tuesday 11 November 2025 – 4pm to 6pm - Main Minutes **DRAFT**
Via Teams

Governors:	Type	Initials	Attendance	Apologies
Maria Craig	Chair - Independent Governor	MC	X	
Eamonn Toland	Independent Governor	ET	X	
Aneela Ali	Independent Governor	AA	X ^	
Jennifer Boyle	Co-opted Governor	JB	X	
Clerk:				
Debbie Corcoran	Acting Director of Governance and Compliance	DC	X	
Attendees:				
Steve Harper	HaysMac (external auditors to the College)	SH	X	
Lee Glover	Validera (internal audit service to the College)	LG	X	
Audrey Cowan	WBG (internal audit service to the College in 2024/25)	AC	X	
David Alexander	CEO and Principal (Gateshead College)	DA	X	
Sarah Judson	Deputy Principal: Finance and Resources (Gateshead College)	SJ	X	
David Keetley	Financial Controller (Gateshead College)	DK		X
Nadine Hudspeth	Director of Brand and Learner Experience (Gateshead College)	NH	X ^	

^Attended for part of the meeting.

A/932 1. Chair's welcome, apologies, conflicts of interest

The Chair welcomed attendees, noting that AA will be joining the meeting at 4.30pm, with AC and NH in attendance for relevant item/s.

Apologies for absence were noted from DK.

It was **confirmed** that the meeting was quorate.

Action: All present **agreed** for item 2, today's external auditor briefing session to be recorded and made available to Board members for viewing. **It was agreed** that the recording and slides will be offered to the Board (Nicola Taylor)

A/933 2. External Auditor Topic Session – Upcoming changes to Financial Reporting Standard (FRS) 102 and the Statement of Recommended Practice (SORP)

SH shared a high-level awareness briefing with Committee members on changes being made to the accounting standard FRS and related Statement of Recommended Practice (SORP), particularly relevant when preparing financial statements and accounts.

The Committee noted and were assured that HaysMac have been liaising with the College's senior team on this matter, with a further discussion planned for January 2026 to support the College's preparedness and readiness for changes. **It was noted** that the initial application of the changes will apply from 1 August 2026 onwards – meaning that updated requirements will therefore be effective for the College from their 31 July 2027 year end.

The briefing covered the following headlines, which **were discussed** with the Committee:

- The background and timings for the changes, with key changes explained to relate to revenue recognition and lease accounting. The driver is to achieve greater consistency with international standards
- An overview of the revised approach being introduced to revenue recognition – there will be a greater emphasis on contractual vs non-contractual income, plus new requirements based on the concept of control, and income recognition being based on delivery of performance obligations
- A 5-step model for revenue recognition was set out and explained by HaysMac
- Under the new approach there will be a need in accounting practice to split consideration of contracts held by the College if there are multiple obligations - with a key aspect being for the College to recognise for each contract if there are distinct goods/services being provided or the contract is for a 'bundle' of goods or services which cannot be separated. Other key considerations were set out e.g. non-cash considerations and also consideration of what is payable to a customer
- There are 2 permitted approaches to transitioning to new requirements – either a full retrospective approach or modified retrospective approach
- Changes to be introduced in lease accounting were explained, and will be relevant where the College leases equipment etc – with HaysMac recommending the College begin to map and gather detail of all leases that are in place as well as identifying any donated facilities

Members asked and queried in the meeting:

- How can the College be best prepared for the changes, is there sufficient capacity in place? SH and SJ assured that the College's approach to considering implications is timely and will be robust, with the focus after completion of 2024/25 Financial Statements being on preparedness and forward planning in this area
- Will there be further detail shared with the Committee as this progresses to assure on consideration of implications and readiness? SJ confirmed this will be the case, with sharing of key information with the Finance and General Purposes Committee also. SH confirmed that further guidance is expected from DfE on implications and application of the changes in the Further Education (FE) sector

SH was thanked for the briefing. **Members welcomed** the introduction of briefing sessions from audit partners in Committee meetings, recognising that they support Committee and Board understanding and assurance.

The Hot Topic Briefing was noted

A/934 3. Minutes of the Previous Audit Committee Meetings

AA joined the meeting

MC (Committee Chair) shared that the running order and timing of today's agenda items will be managed to allow the Committee to have greatest time to focus on item 5 'Review of Strategic Risk Register'. It is assumed that all reports have been read by Committee members, with those reports marked for noting being discussed by exception. Items would be taken out of agenda order to allow for external presenters to cover inputs efficiently.

The Committee **reviewed** the minutes from the following Audit Committee meetings **and agreed** they were a true and accurate account of the meeting:

- A) 3 June 2025 (main minutes)
- B) 3 June 2025 (confidential minutes)
- C) 13 August 2025

The minutes were approved

A/935 4. Matters Arising / Action Log

A) Action Log

SJ summarised the Action Log.

Action: The log will be updated with any actions from the prior Committee meetings for completeness when next presented (DC/Nicola Taylor)

The report was noted

B) Notifications and Disclosures

It was noted that there were no notifications or disclosures to report

A/936 5. Review of Strategic Risk Register

SJ presented the report which shared with Committee members a proposed revised framework for risk reporting and risk management at the College on both an operational and strategic level. **It was noted** that the Board had received an update on the proposed new approach at its last meeting on 5 November 2025. The recommended changes to the College's approach to overseeing and managing risk follow on from a project delivered over summer that considered how the College's approach may be further improved and included the following:

- Incorporation of feedback from Board members asking for the review to focus in on 2 key areas: i) ensuring the College's approach to risk management and reporting is effective and ii) improving the digestibility of reports and outputs shared with Board and/or Audit Committee to assure and support their responsibilities and accountabilities (particularly in relation to risk identification and oversight)
- Additional areas of feedback from the Board and Audit Committee had also been considered and related to considering improvements in the following key areas:
 - Understanding: of risk across the organisation
 - Movements across the year: these need to be tracked effectively
 - Strategic Nature of the risks: risks needed to be aligned more effectively to the College's strategy
 - Horizon Scanning: to reflect a time period which is further forward
 - Visibility: visibility of action plans to reduce risk scores

- Quality: quality of underlying information being presented
- A review of good practice in and outside of the sector on the reporting and management of risk had been completed to inform recommendations
- Consultation with Governors and Executive team members on the current and possible forward approach had been carried out
- The project methodology used had been rigorous and included a root and branch review of the College's current approach to risk
- Design principles for the way forward had recognised the need for risk to be aligned with the College Strategic Plan, and to strengthen identification and oversight of risks in newer areas of priority e.g. sustainability and those that are cross-cutting e.g. digital
- Recognition that the College's risk framework must adapt and be under review to support continuous improvement

SJ summarised the recommended new approach at headline level and **this was discussed and reviewed** with the Committee. Key changes in the recommended approach included refocusing of the College's current 'Strategic Risk Register' to become an 'Executive Risk Register' and a change in the approach to the scoring of risks. Explanation was given of key terms e.g. risk appetite vs risk tolerance

Members asked and queried in the meeting:

- Implications of the change in the approach to scoring risks, given the move in the new approach to scoring being applied at specific individual risk level. SJ explained that this is designed to recognise that risks are multi-faceted and to give flexibility to respond quickly to new or changed risks and also guard against 'blind spots' which can happen when scoring occurs across a broader category/group of types of risk (as is the current approach)
- How is the approach to managing risks operationally improved in the new approach? SJ shared that the new approach recognises the need to guard against siloed discussions and consideration of risks, and it will also encourage cross-College ownership of the approach and actions needed. Practical considerations will also help e.g. the ability for staff to access and print out the risk register is being improved. Board's view and clarity of risk appetite is important and key, how is this considered? SJ set out the approach to agreeing the Board's risk appetite and how it will guide consideration of risks and decision-making
- How appetite and tolerances work together and what was the difference between the two? Discussion highlighted that this would need to be clearly articulated and communicated not only to Audit Committee but to main Board if adopted.

DA was asked by the Chair to share his perspective as Principal and Chief Executive on the proposed new approach, and DA welcomed that the refinements aim to further strengthen the College's approach and to deeply embed a cross-College approach to risk. However, DA did also query the proposed removal of applying a scoring to risk appetite and whether this would be an appropriate approach.

Members feedback that they supported the suggested recommendations for improvement of Risk Management culture in principle. Before the framework returns to Board for approval, **they asked** that further consideration and development be completed in the following areas:

- Ensuring that the information presented and approach in place prioritises and demonstrates digestibility and brevity – a single page summary sheet would be preferred for Board and Committee members that is easy to read (reflecting accessibility for all and an inclusive approach e.g. of neurodiversity etc). The single page summary should quickly show key information (e.g. current risk position, changes since last received, strategic alignment etc...)
- The new approach should support Board/Audit Committee to concentrate in areas where risks have moved out of appetite, the reasons for this and assurance on actions being put in place and the timescales/likelihood for moving back into risk appetite

- Levels of review and oversight are important – for example would Board always need to consider and focus on a risk that has moved out of appetite but has low impact/probability?
- There is a need for consistency in scoring of risks across the College and checks and balances so that an individual's own view of risks in their own area of business is not the only decision-making level
- Capacity building of the Board, Committee members, senior team and wider College staff is important, so there is clarity in the approach and its implementation – would testing with staff and Board Members help this ahead of launch?

SJ was thanked for her leadership in this area, and work which will move the College further forward. MC summarised that there was collective agreement to take forward activity to achieve improvements. **It was agreed** that there is value in Committee members having additional time to reflect and share feedback with SJ outside of the meeting prior to this revised approach and methodology and accompanying Risk Register being taken to the Board in December

Action: Committee Members were asked to share feedback or comments with SJ on the Strategic Risk Register and supporting approach by 20 November to inform its refinement ahead of its being shared with the Board for approval (All members and SJ)

The Audit Committee considered the Strategic Risk Register and:

- a) noted the informed process undertaken to refresh the methodology*
- b) asked Committee members to share any additional feedback on the approach with SJ, for incorporation*
- c) subject to consideration of feedback shared in the meeting and gathered post-meeting from members, the action plan to address cultural issues were endorsed, the new approach and direction of travel and the Strategic Risk Register would be prepared for recommendation to Board for approval*

The report was noted

A/937 6. Internal Audit

6.1 Internal Audit Reports

AC joined the Committee meeting and was invited to share headlines from reports presented in WBG's capacity as outgoing internal audit service for the College. NH was welcomed as senior lead in the College for the 'Use of Student Support Funds' internal audit.

6.1.1 Use of Student Support Funds Internal Audit

AC summarised that the internal audit review had a grading of weak assurance, with 6 recommendations set out (1 high priority, 3 medium and 1 low priority) and 5 areas of best practice identified. The report showed that in relation to audits completed by WBG in other Colleges, Gateshead College had received a higher number of recommendations. **The Committee welcomed** that recommendations from the internal audit had been taken forward and implemented in line with agreed timescales in management responses.

Key aspects in the internal audit **discussed in the meeting and reviewed** by members included:

- Finding 1 – Related to the College's ability to substantiate that all awards of bursary finding are based on individual needs (not blanket payments) and extrapolated the level of exposure should the DfE determine non-compliance based on the tests of sample testing (c£600k worst case scenario)

- NH explained the College's approach in relation to the calculation of bursary award and the action taken to strengthen and assure in this area through improved record keeping. NH assured the Committee that the College's approach was not to give blanket payments to students, and the College is of the view that it is using bursary funds appropriately to support students in most need. In discussions, SJ expressed that clawback is an unlikely outcome
- Members reflected on the update on Poverty received at their 5 November 2025 Board meeting. The Committee also recognised the importance of meeting statutory requirements and guidance in all areas and the need to balance this with overcoming some of the barriers facing learners accessing much needed assistance. NH highlighted that the College's approach is to try to ensure that any administrative burden on students is proportionate and reasonable and does not detract from the core aim of students attending College and using education as an opportunity to break the cycle that poverty creates
- It was recognised that the DfE simplification pilot in this area may influence DfE's approach and guidance moving forward, and Gateshead College is keen to contribute learning at a national policy level given its student demographics

NH and CS assured members that ahead of findings from the simplification pilot being considered by DfE, the College has strengthened its processes and procedures in a way that it feels keeps the balance between meeting the DfE funding guidance requirements and what can be reasonably expected of students who access the funds. **It was noted** that these actions will be tested by Validera, the College's new internal audit service, as part of the internal audit follow up process for additional assurance.

Members asked and queried:

- The sample size for testing was 15 learners, is this sufficiently robust? AC confirmed that the methodology and sampling size used followed DfE guidance and working papers, and was therefore designed to give accurate insight against DfE's requirements
- Had the College provided additional information and evidence during the audit process to evidence cost breakdowns of support funding for individual learners and had this been considered? AC shared that this opportunity had been in place, and as evidence could not be shared, recommendation 1 had needed to stay as high priority
- Is the position in relation to the 1 learner in the sample indicative of systemic practice and what has been actioned to remediate the position? NH and SJ confirmed that there is not a practice of blanket payments of student support funds. Applications for bursary support funding require an award assessment form and confirmation letter, and the recommendations made and accepted in the management responses to the audit have been actioned
- Is the College considering how learners can better receipt and evidence relevant spend e.g. by uploading receipts on their phones? NH explained this is being considered and the College is gathering insight into barriers to consider further improvements needed to systems and is keen to share this with DfE
- As Gateshead College has a higher number of recommendations than other Colleges, have we considered good practice in relation to findings and recommendations? NH confirmed this was the case. Practice varies on payment mechanisms across FE Colleges, with some Colleges not paying support funds until receipts are received

The Committee thanked AC for the report and its insight. *NH was thanked for attending and left the meeting*

The Audit Committee noted the report

Note – agenda items were taken out of order

6.1.3 Follow-up of Review of College Internal Financial Controls

SJ summarised that WBG had conducted a short follow-up to the Internal Financial Controls internal audit review undertaken at the College in late 2024. The follow-up has shown that of the 10 recommendations in the original report: 2 recommendations are now fully implemented, 1 recommendation has been superseded, and 7 recommendations have been partially implemented. Explanation was provided as to the reasons why recommendations are partially completed. SJ confirmed that it is anticipated that all recommendations will be completed by the end of the 2025/26 financial year. Revised implementation dates were shared in the updated audit recommendations paper received later in the agenda.

AC recognised SJ's focus on developing good practice and improvements in both the areas identified in the audit, as well as in the College's broader approach.

The Audit Committee noted the report

A/938 7. Internal Audit Annual Report 2024/2025

AC summarised WBG's 2024/25 Internal Audit Report, highlighting that all internal audit reviews completed in the year had achieved a 'Strong' assurance grade, apart from one (the Student Support Funds review considered above). AC explained that the follow up report on financial controls has been included for a cohesive view (although that particular internal audit review does not generate an individual assurance grade).

The Audit Committee noted the report and approved its being shared with the Board

AC and WBG were thanked by the Chair and Committee members for their support as the outgoing internal audit service to the College, and *AC left the meeting*.

A/939 6.1.2 Information Governance

LG summarised the report, which was the first internal audit completed by Validera following their appointment as the new internal audit service. This is a limited assurance report, with management aware of areas for strengthening and remediating and welcoming the insight through the report to drive forward an action plan to secure improvements. Members were complimentary on the format of the internal audit report and welcomed the approach taken. DA shared that this is an area where the College had already identified that improvements to capacity were necessary and had been taking action, with the internal audit offering valuable assurance.

The Committee **discussed and queried** the following:

- Recommendations and management responses indicate that resourcing and capacity is a key constraint, how is this being addressed? DA confirmed that relevant new posts have been created to give essential capacity, with role descriptions and job grading planned for completion this week. Timescales in the report for actions are realistic and are the latest date for action, they will be delivered earlier where possible

Committee members recognised the relevance of the content, insight and assurance in this internal audit report **and asked** for the 2024/25 Regularity Self-Assessment Questionnaire (SAQ) to be updated in line with its content.

Action: Content in the Regularity Self-Assessment Questionnaire (SAQ) to be reviewed to reflect the College has completed an internal audit in Information Governance given the relevance to data protection (Nicola Taylor)

The Audit Committee noted the report

A/940 6.2 Rolling Audit Recommendations Tracker

SJ presented the report, which shared the positive position against implementing recommendations. The flow into related reports on today's agenda was recognised.

The Audit Committee noted the status of actions outlined within the report

A/941 6.3 Internal Audit Plan – Schedule Update

The Committee took the paper as read. It was noted that the 2025/26 internal audit plan proposed by Validera and recommended by the Committee has been approved by the Board. Today's updated Plan had been provided to share a provisional internal audit programme for 2026/27 and 2027/28.

The Audit Committee noted that the plan for 2026/27 will return for Committee consideration and be shared for Board approval at the appropriate point in the planning and approval cycle

A/942 8. Financial Statements and Annual Accounts 2024/25

8.1 Update on External Audit

SH updated the Committee in 2 key and related areas: i) the current position in relation to HaysMac progressing their financial statement and regularity audit work for 2024/25 and ii) headlines within the draft Audit Findings Report for the Year Ended 31 July 2025 which had been provided for member's review.

It was noted that HaysMac's interim audit work has been completed and followed-up by a range of testing. There are no significant issues identified to-date. While going concern information is awaited at this point of the process, risks identified at this stage are consistent with those shared in the financial statement auditor's plan. **It was noted** that there is a minor point identified in relation to systems controls, where a small number of apprenticeship contracts had not been signed, so a control point is included.

Members asked if the control point was the same as that one which had been raised in the prior year? SJ confirmed that this was the case, however the circumstances were different. In the prior year an apprentice had begun their apprenticeship and left within 2 weeks before signing the relevant contract. The control point identified by HaysMac in 2024/25 relates to an apprentice who had been in role for a while and had an unsigned contract. SH commented that the management response shared is reasonable and will address the point.

Members asked if HaysMac have access and all that's needed from the College to complete their work for the end of November as planned? SH confirmed this is the case and thanked SJ and her team.

The Audit Committee noted the draft Audit Findings Report for the Year Ended 31 July 2025

8.2 **Draft: Audit Regularity Self-Assessment Questionnaire**

SJ summarised that this is the draft Audit Regularity Self-Assessment Questionnaire (SAQ), which will be further developed and then received at the joint meeting programmed between Audit Committee and Finance and General Purposes Committee on 28 November 2025. Given that the SAQ is at draft stage, the report was noted and **it was agreed** that should members have any comments or queries on content then these should be shared with SJ and Nicola Taylor.

It was agreed that follow-up actions and assurance through the financial controls audit should be incorporated into the SAQ, along with actions captured in the following agenda items relating to 'Data Protection and Freedom of Information Report 2024/2025' as this included development of controls and processes to raise awareness of GDPR and of phishing. The SAQ was recognised as a living and breathing document kept under review throughout the year.

Action: Committee members will share any additional comments or queries on the Regularity Self-Assessment Questionnaire (SAQ) with SJ and Nicola Taylor by 20 November 2025, ahead of the final draft being developed for the joint Committee meeting being held on 28 November 2025. (All)

Action: Content in the Regularity Self-Assessment Questionnaire (SAQ) will be reviewed to reflect the financial controls follow-up audit and 'Data Protection and Freedom of Information Report 2024/2025' (SJ and Nicola Taylor)

The Audit Committee noted the report

8.3 **Board Declarations of Interest**

DC presented headlines from the report which shared a draft record of declarations of interest for all Board members and staff with finance/budgetary responsibilities. It was confirmed that all disclosures are reviewed by the Director of Governance and Compliance on an annual basis at the beginning of each financial year. The Committee noted that the DfE FE and sixth-form college corporations: governance guide sets out that "for transparency purposes, it's good practice to publish declarations of interest". Given this, it had been reported to the Governance Committee that the declarations reported by Governors and Senior Post Holders would be published on the College website. Any declarations for the Student Governors will follow, given their recent appointment into the roles.

Members noted that the declarations of interest were being provided to the Audit Committee for information, ahead of being published and that this report will be linked in the Corporation Matters report at the December 2025 Board Meeting and then published.

The Committee **discussed and queried** the following:

- The level of detail recorded for individual governors appears to be different, has the self-declaration return informing content been completed consistently? The Committee discussed that a standard form is used, however the level of detail provided against each individual appears to vary and **it was agreed** that this should be reviewed for consistency and completeness
- Is the disclosure required a disclosure of all interests, or of Governor/staffs views of conflicts only? SH and LG confirmed that all relevant interests should be declared, with governors/staff able to indicate where they believe there may be a conflict to be considered, however there needs to be sufficient and complete information shared for the

College to assess and make its own judgement and also consider Related Party Transactions (RPT)

- What level of detail has to be published? DC confirmed that production of a register of interests is a statutory requirement on the Board, however whilst the register has to be made available to the public on request it does not have to be proactively published – the approach to publication of interests being proposed is good practice. RPT are confirmed in the published annual accounts

Members asked that the standard wording at the beginning of all Board and Committee meetings around conflicts of interest should also be considered so it is clear if governors and staff are being asked to indicate any relevant conflicts of interest or only those additional to the ones they understand have been recorded in the register.

Action: format and completion of returns requested of governors and staff in relation to the register of interests to be reviewed to ensure consistency of information provided and recorded (Nicola Taylor)

Action: approach to noting and disclosing of governor/staff relevant interests and any conflicts at the start of Board and Committee meetings to be reviewed to ensure there is clarity and compliance with statutory requirements and consideration of good practice (Nicola Taylor)

The Audit Committee noted the report.

A/943 9. Data Protection and Freedom of Information Report 2024/2025

The Audit Committee noted the report

A/944 10. Audit Committee Annual Review

10.1 Audit Committee Self-Evaluation

The Audit Committee **noted the report and endorsed** the recommendations made for continuous improvement.

The Audit Committee reviewed and considered any areas where they could improve upon current levels of effectiveness and approved the self-evaluation for 2024/2025.

10.2 Draft: Audit Committee Annual Report 2024/25

The Audit Committee **noted** that this report shared the draft Audit Committee Annual Report 2024/25 and that an updated version will be presented at the 28 November joint Committee meeting. Content was supported, noting that detail is to be added following discussions and updates received today. Members comments and reflections were welcomed outside of the meeting to support further development of the report.

Action: Committee members are invited to share any comments or suggestions on the content of the Draft Audit Committee Annual Report 2024/25 with Nicola Taylor, for their incorporation into a final draft for Committee approval at its next meeting (Members and Nicola Taylor)

The Audit Committee received and noted the Draft Audit Committee Annual Report 2024/25

A/945 11. Any Other Business

MC thanked members and auditors for their engagement in the meeting. Members shared their thanks with HaysMac for the helpful briefing and Validera for their first internal audit reports.

A/946 12. Date of the next meeting

The date of the next meetings were confirmed as:

- Joint meeting with Finance and General Purposes Committee – 28 November 2025 at 11.15am.
- Audit Committee – 3 March 2026 at 4.00pm.