



**Joint Audit and Finance & General Purposes Committee
Friday 1 December 2023 – 11.15am to 12.30pm**

Governors	Type	Initials	Attendance	Apologies
Aneela Ali	Audit Committee Member	AA	X*	
Darren Curry	Audit Committee Member	DC		X
Carol Davenport	Audit Committee Member	CD	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*	
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	
Clerk				
Nicola Taylor	Director of Governance & Compliance	NT	X*	
Attendees				
Jeremy Cook	Deputy Principal: Finance & Resources	JC	X	
David Keetley	Financial Controller	DK	X	
David Hoose	Mazars – External Audit	DH	X*	
Graham Gillespie	Wylie & Bisset – Internal Audit	GG	X*	

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

JFA/36 1. Chair's welcome, apologies, conflicts of interest

The Chair opened the meeting and welcomed the attendees. Apologies were noted from DC and AP. The Committee **confirmed** the meeting was quorate.

The Chair asked if there were any interests to declare, however there were no interests to report. Members were reminded to highlight any relevant interests if they were to arise during the meeting.

JFA/37 2. Minutes of the last Joint Audit and Finance & General Purposes Committee 30 November 2023

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/38 3. Matters Arising / Action Log

The action log was noted, with all actions completed.

The update was noted.

JFA/39 4. Audit Committee – Self Evaluation Checklist 2022/2023

NT presented the report and highlighted that:

- The self-evaluation checklist was the same version used for evaluation of 2021/22.
- The responses were discussed by Director of Governance & Compliance and current Acting Chair (AA) of the Committee ahead of being shared with the Audit Committee.
- The main area for strengthening related to Audit Committee membership, with there being need to increase the number of members, and governor recruitment was ongoing to address this.
- The Audit Committee approved the responses at their meeting on 7 November 2023 and it was now being presented for information.

The Committee **noted** the comprehensiveness of the assessment undertaken and the level of assurance this provided relating to the work of the Audit Committee.

The report was noted.

JFA/40 5. Audit Committee – Annual Report 2022/2023

NT presented the report and highlighted the following:

- The Audit Committee was required by the Audit Code of Practice (ACOP) to produce an annual report for the Board, summarising the Committee's activities relating to the financial year under review.
- The Audit Committee reviewed the report at their meeting on 7 November 2023 and it was now being presented for approval following finalisation of the text on completion of the External Audit.

The Audit Committee members **approved** the Audit Committee Annual Report for 2022/2023 and the Committee **noted** this would be presented to the Board as part of the Financial Statements at the December 2023 meeting.

The report was approved.

JFA/41 6. Audit Regularity Self-Assessment Questionnaire

JC presented the report and highlighted that the questionnaire had previously been taken to the Audit Committee on 7 November 2023 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 the External Auditor (DH).

The Audit Committee members confirmed that they had reviewed this at their meeting on 7 November 2023.

The Committee **recommended** the signing of the Audit Regularity Self-Assessment Questionnaire and **noted** this would be presented to the Board as part of the Financial Statements at the December 2023 meeting.

The report was recommended for Board approval and submission to Mazars.

JFA/42 7. Assessment of Going Concern

JC presented the report and noted that as part of the 2022/23 annual Financial Accounts final sign off, the Board were required to consider the going concern status of the College. External Auditors were required to have confidence of being able to sign the College accounts off on a going concern basis.

The Committee **queried** the following:

- The sensitivity analysis behind bank covenants and any potential occurrences that could cause a breach. JC confirmed there was a differing amount of headroom within the covenants however, the analysis of covenants was contained within the management accounts. JC noted that there hadn't been modelling of scenarios which would potentially breach covenants and instead the Finance team had focussed on headroom.
 - The Committee **agreed** that a sensitivity analysis would be helpful, alongside an understanding of potential scenarios which could cause a breach. In reviewing this, the Committee **requested** that consideration be given to anything on the College strategic risk register that might

give rise to a possible covenant breach. **Action: JC to consider the implementation of a sensitivity analysis, alongside some examples of scenarios which may cause a covenant breach to provide the Finance & General Purposes Committee a greater understanding.**

The External Auditor (DH) noted that there had been some challenges within the sector over the recent period for some colleges relating to covenant compliance, specifically with capital grants given the recent changes that had arisen from the ONS reclassification.

The Committee **recommended** the financial accounts to be signed off on a going concern basis.

The report was recommended for Board approval.

JFA/43 8. Draft Financial Statements 2022/2023

JC provided an overview of the reports presented.

External auditor findings report / Findings of 2022/2023 External Audit

The External Auditor (DH) highlighted the following:

- The report would be submitted to the ESFA.
- The audit was substantially complete, with the expectation that an unqualified opinion would be given.
- There was one internal control recommendation and three non-material misstatements highlighted within the auditor's report.

The Committee **queried** the following:

- The significances of the non-material items – the External Auditor (DH) noted that these were classified as non-material and it would be rare to not find anything during the audit. DH provided assurance that there were no concerns from a governance point of view and given their low level the auditors would not insist on any adjustments being made for these..
- The materiality of the sample size testing – DH noted that if there had been the identification of a large or more pertinent issue (for example, a covenant breach or a change in financial health) this would become material by nature. DH provided further assurance that the non-material items, if they had been adjusted for, would have led to an increase in surplus rather than a reduction.

The Committee **noted** the comprehensiveness of the report and the useful benchmarking data. The Committee **recorded** their assurance.

The Committee **noted** their thanks to the External Auditors and finance team.

The report was noted.

Letters of Representation

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

DH noted that additional narrative had been added relating to the recent events of RAC concrete impacting buildings.

Action: DH to send revised letters relating to “College” rather than “School”.

The Committee **recommended** the letters of representation for Board approval at the December 2023 meeting.

The letters were recommended for signing.

Gateshead College 2022-23 Annual Financial Statements

The 2022-23 annual Financial Statements had been concluded and were due to be approved by the Board in December 2023.

JC noted that some finalisation relating to formatting would take place post-meeting alongside additional detail relating to student success rates, confirmation regarding severance payments and the gift aid summary.

JC confirmed that upon presentation of the final statements to the Board in December 2023, there would be a reconciliation to the July 2023 management accounts for information.

DB noted that he had arranged to speak with JC and DK after the meeting to seek some greater clarity around wording. MH confirmed he would also attend.

The Committee **recommended** the Gateshead College financial statements for Board approval at the December 2023 meeting, subject to the noted amends and clarifications.

Action: JC to make final amends to Gateshead College financial statements ahead of seeking Board approval at the December 2023 meeting.

The College financial statements were recommended for Board approval.

Subsidiary 2022-23 Annual Financial Statements

The 2022-23 annual 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 accounts of both the Gateshead College Foundation and North East Apprenticeship Company had been consolidated within the full Gateshead College financial statements.

The Committee **recommended** the subsidiary financial statements for their respective Board approval.

The subsidiary financial statements were recommended.

JFA/44 9. Strategic Risk Register

JC presented the report and highlighted the following:

- The Audit Committee had reviewed the Risk Register at the November 2023 meeting, and the horizon scanning element had been updated following the UK Government’s Autumn Statement. The Finance & General Purposes Committee had received this update at their meeting directly prior.

- Relating to the update from Gateshead Council regarding the Gateshead International Stadium, this risk was being reviewed and this would be reported to the Board in December 2023.

JC confirmed there were no risks likely to impact the going concern basis.

The report was noted.

JFA/45 10. Any Other Business

Thanks were noted to the auditors, staff and governors. It was confirmed that the outcome of the audit was consistent with reporting to the Audit Committee.

GG left the meeting.

JC noted that the evaluation of the performance of the external auditors, which was positive, would be circulated to the Audit Committee members post-meeting.

Action: JC to circulate the evaluation of the external auditor performance questionnaire.

The update was noted.

JFA/46 Date of the next meeting

The dates of the next meetings were as follows:

- Finance and General Purposes Committee – Friday 1 March 2024 at 9am
- Audit Committee – Tuesday 5 March 2024 at 4pm