

LEEDS COLLEGE OF BUILDING

AUDIT & RISK COMMITTEE

Minutes of the meeting held on Monday 23 June 2025 at 4.00pm, North Street, Meeting Room 1 / Microsoft Teams.

PRESENT:

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| Peter Norris (PN) | Chair & External Governor |
| Steve Carmody (SCa) | External Governor (<i>attended via Microsoft Teams</i>) |
| Rachel Lindley (RL) | External Governor |
| Javaria Sabar (JS) | Associate Governor (<i>attended via Microsoft Teams</i>) |
| Matthew Shields (MS) | External Governor (<i>attended via Microsoft Teams</i>) |
| Sarah Wilson (SW) | External Governor (<i>attended via Microsoft Teams</i>) |

ATTENDANCE: 6 / 6 = 100% (KPI 80%)

Cumulative attendance: 14 / 16 = 86%

IN ATTENDANCE:

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| David Pullein (DP) | Vice Principal – Finance & Resources |
| Vici Cadwallader-Webb (VCW) | ICCA |
| Richard Lewis (RLe) | RSM (<i>attended via Microsoft Teams</i>) |
| Sara Mitchell (SM) | Management Accountant |
| Clare Fielding (CF) | Head of Compliance (Agenda Item AR/25/129) (<i>attended via Microsoft Teams</i>) |
| Jane Taylor-Holmes (JTH) | Director of Governance |
| Nancy Fearnside (NF) | PA to Strategic Leadership Team (minutes) |

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| 71. | MS explained that due to being overseas, PN had agreed to chair the meeting. | |
| 72. | JTH and Committee members welcomed Javaria Sabar to her first meeting. | |
| | AR/25/119 – Open discussion between Auditors and members | |
| 73. | DP and SM left the meeting for this item. | |
| 74. | PN asked VCW and RLe if there was anything they wished to discuss with Audit & Risk members. | |
| 75. | RL questioned why the Internal Audit Plan was not available. VCW explained that there was a discrepancy in terms of the number of days ICCA ordinarily utilised for audits; these were normally four /five-day blocks. VCW commented that they were revising the scopes of the planned audits to carry out three of these in three days. Once the Equality, Diversity and Inclusion scope had been confirmed, the Internal Audit Plan would be sent through to DP. It was noted that the Internal Audit Plan would be circulated to Committee members. | |
| 76. | MS commented that the audit recommendations only included two items around financial controls, from a financial point of view the audit recommendations were very clean. MS referred to the letter from the Department for Education (DfE) which noted that there were 15 audit recommendations relating to ESFA income testing but these were being resolved by the College. MH asked if this number of recommendations was usual in the sector. | |

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| 77. | RLe commented that the College's income was predominantly Apprenticeships and commented on the complexity of the funding rules in this area. Due to the number of Apprenticeships the College proportionately did have more recommendations. RLe commented that the College was at the higher end of recommendations but explained that as the College progressed through all the new processes, the College should return to where expected for a College of this size and funding mix. | |
| 78. | MS asked, if the number of recommendations (15) remained the same in November, would this be a cause for concern. RLe commented that last year the College had only been using the new processes for a few months, whereas there had now been a full year to move things forward. RLe commented that the College would probably be confident that it was now in a much better place than previously. | |
| 79. | VCW commented that a review of the Apprenticeship Strategy and Delivery Model had just been completed and the report was being finalised. VCW commented that there were very few compliance issues and only one or two pieces of paperwork were still required. The number of issues compared favourably with other colleges across the sector. VCW commented that new starters and older learners had been reviewed and the process carried out was consistent across the College. | |
| 80. | SCa questioned if the improvement being seen was due to the digital systems that the College now had in place. VCW commented that the e-sign up system flagged any elements that had not been completed and until issues were addressed the learner would be unable to progress further. | |
| 81. | SCa asked if any improvements had been identified during the audit assessment. VCW commented that one recommendation had been made, which was to ensure that the College was more proactively responding to any items which were missing from the learner file. This recommendation had already been responded to by Management and processes adapted. | |
| 82. | RLe commented that the letter from the DfE had confirmed that they did not require any further information on the audit recommendations. RLe commented that if those issues had not been addressed in the next report, the DfE may seek further reassurances around progress against the recommendations. | |
| 83. | DP and SM rejoined the meeting at this point. | |
| | AR/25/120 - Apologies for Absence | |
| 84. | Apologies for absence were noted from Rob Holmes (Vice Principal – Curriculum, Quality & Innovation). | |
| | AR/25/121 - Determination of Observers / Attendees | |
| 85. | Members agreed attendees / observers at the meeting as per the attendance list above. | |
| | AR/25/122 – Determination of Interests in any Agenda Items | |
| 86. | There were no declarations of interest. | |
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| | AR/25/123 – Minutes of the previous meeting | |
| 87. | Resolved: The minutes of the previous meeting held on 24 February 2025 were accepted as a true record. | |
| | AR/24/124 – Matters Arising | |
| 88. | Members noted the updates recorded against the matters arising. | |
| | AR/25/125 – Update on outstanding Internal Audit Recommendations | |
| 89. | DP presented the outstanding Internal Audit Recommendations paper and commented that all actions due to be completed had been finalised. The remaining actions were due for implementation at later dates. | |
| 90. | Resolved: Committee members received the update on outstanding Internal Audit Recommendations and noted positive progress. | |
| | AR/25/126 – ISO 45001 : 2018 Audit Report | |
| 91. | DP commented that achievement of the ISO 45001 accreditation was positive for the College and acknowledged the tremendous amount of work resulting in the accreditation. | |
| 92. | DP commented that the new Health, Safety & Environment Advisor had settled well into her new role and was very proactive. | |
| 93. | RL commented that she had, in her professional career, never seen an audit report with no minor or major non-conformances and recorded her congratulations to the team. | |
| 94. | PN commented that one of the opportunities for improvement noted in the report was to complete the draft Business Continuity Plan. DP explained that Rob Holmes had been leading on the development of the Plan and the Plan was now completed. | |
| 95. | Resolved: Committee members noted the ISO 45001 : 2018 Audit Report. | |
| | AR/25/127 – Internal Audit Strategy & Annual Plan 2025/26 | |
| 96. | DP commented that ICCA were working to schedule the planned audits into the allocated days and were reviewing the audit scopes to resolve this. DP commented that the Internal Audit Strategy and Annual Plan 2025/26 would be circulated via email to members for approval outside the meeting. | DP July 2025 |
| 97. | Resolved: Members noted the update regarding the Internal Audit Strategy & Annual plan 2025/26. | |
| | AR/25/128 – External Audit Plan 2024/25 | |
| 98. | RLe presented the External Audit Plan for the year ending 31 July 2024 and outlined key matters for the Committee's attention. | |
| 99. | RLe commented that this was the first full year of the College Financial Handbook issued by the DfE / ESFA in March 2024. The handbook consolidated guidance on Managing Public Money. A new version is expected to be released soon; however no significant changes were anticipated. | |

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| 100. | RLe commented that opinions would be delivered regarding the true and fair view of the financial statements and the use of public funds through the regularity conclusion. Specialist support through the RSM funding team, who were contracted by the DfE would assist with complex areas, such as apprenticeship funding compliance, the final audit outcome would remain with RLe. | |
| 101. | RLe commented that liaison with internal auditors would take place to align findings and inform the approach. | |
| 102. | RLe explained the timeline: testing would commence in summer 2025, followed by a review of year-end balances, financial statements and regularity during the autumn term, the final audit report would be available late autumn. RLe commented that any recommendations from 2023/24 would be reviewed for resolution. | |
| 103. | RLe referred Committee members to the key risks detailed in the paper. RLe explained that Going Concern would no longer be a significant risk due to repayment of the bank loan and strong cash reserves. Other areas of risk included Management Override of Controls and Income recognition (particularly around Apprenticeships), Pensions and Capital Grant funding; RLe confirmed that these were sector risks. | |
| 104. | The fee proposal was included in the Appendix, together with confirmation that RLe was independent. | |
| 105. | Resolved: Committee members approved the External Audit Plan for recommendation to the Board. | |
| | A) RSM Emerging Issues – Spring 2025 | |
| 106. | RLe presented RSM's Emerging Issues and provided a brief overview. | |
| 107. | RLe commented that the major update was the introduction of a new accounting framework, SORP 26, which would apply to financial years starting in 2027. RSM had responded to the consultation, which closed in April 2025, and the final Statement of Recommended Practice was expected to be published shortly. | |
| 108. | RLe commented that the key impact of the new framework related to Balance Sheet changes; operating leases would be included in the Balance Sheet. Minimal changes were expected on Income Recognition. | |
| 109. | RLe commented that throughout the report links were provided to external resources for deeper insights and referred Committee members to articles on AI in education (including its challenges and opportunities) and a BBC feature on AI and its implications. | |
| 110. | RLe commented that articles were also included on franchising, failure to prevent fraud, generative AI, Ofsted, Apprenticeships and funding. RLe explained that the Post-16 Audit Code of Practice had been replaced by the Framework for auditors and reporting accountants of colleges. | |
| 111. | RLe commented that the Emerging Risk Radar highlighted the most prevalent emerging risks facing the sector and industry. The top three emerging risks were: changes in Government priorities, Geo-political instability and Cyber attacks. | |

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| 112. | RLe commented that further details on the College financial Handbook and Statement of Recommend practice were included, together with tips for colleges. RLe also referred Committee members to the new corporate offence of failure to prevent fraud under s199 of the Economic Crime and Corporate Transparency Act which were due to come into force on 1 September. The Emerging issues guidance provided the six principles that organisations should implement. | |
| 113. | RLe commented that the DfE had refined the guidance around defining “contentious” and repercussive transactions, with the emphasis on documentation and justification of decisions. Case studies were included for information. | |
| 114. | RLe commented that the College Accounts Direction (CAD) was issued in March 2025 and changes had been kept to a minimum. | |
| 115. | RLe commented that links to three RSM webinars were included: Procurement Act 2023, Sustainability in Education and Technical update – financial reporting. | |
| 116. | SCa commented that the highest risk on the Emerging Issues Risks radar was regarding shifting employee costs and energy costs and asked if there were any details around that. | |
| 117. | RLe explained that one of the key challenges faced had been the increase in National Insurance contributions for employers. The DfE stated that they would support colleges with a grant but it has taken several months to communicate how the calculation would be processed. RLe commented that the DfE had indicated that actual funds would not be disbursed until October or November which could create a significant cash flow issue, with employers required to cover the increased contributions from April through to October. DP commented that this would not be an issue for the College due to the current cash balances. | |
| 118. | SCa commented that the main concern was a cash flow management issue. From an energy point of view, with the CHP (Combined Heat & Power) systems implemented, this was a clear benefit for the College in terms of cost savings. | |
| 119. | DP commented that the College’s primary aim, in joining District Heat Network had been the reduction in carbon. DP explained that with regard to the National Insurance grant, concerns were not only about cash flow, there was a real cost involved. The grant from the DfE would only cover 83% of the costs. DP commented that the grant was only guaranteed for one year and the College could not rely on this being renewed. | |
| 120. | DP commented that the FRS102 pension scheme would be moving back into deficit. RLe commented that this was really just an accounting adjustment. | |
| 121. | Resolved: Committee members noted the update on RSM’s Emerging Issues – Spring 2025. | |
| | AR/25/129 – Focus on key risk (COL45 – ESFA Funding Audit) | |
| 122. | Clare Fielding (CF) joined the meeting at this point. | |
| 123. | SM explained that the presentation would cover the Risk Overview, Risk Score, Current Controls and Planned actions. | |

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| 124. | SM commented that COL45 (ESFA Funding Audit) linked to Strategic Aim 6 (Providing excellent facilities and resources for our students, colleagues and partners, whilst maintaining financial stability). It was one of the College's highest risks and rated 27 / Top Priority. SM commented that to provide context, Government grants as a % of adjusted income was currently 86%. | |
| 125. | SM explained that the current risk score was 27; the Financial / Reputation / Other impact were all rated 3, with the Likelihood also rated 3 due to a >25% chance of the risk occurring within the next 12 months. | |
| 126. | SM commented that the target risk score was 10; the Financial & Reputation Impact were rated 2, with Other Impact rated 1. The Likelihood was rated 2 due to a <25% chance of the risk occurring within the next 12 months. SM commented that a revised target risk score of 15 was proposed, all impact ratings remained the same but the Likelihood had been increased to 3. | |
| 127. | SM explained that CF and the Compliance team had compiled a list of current controls and mitigation strategies, which CF would go through. | |
| 128. | CF commented that when the Compliance team was established the first priority was to assess the College's compliance status from a funding perspective and an audit of all learner files was initiated. CF explained that this involved correcting data errors, obtaining missing documentation and ensuring all required paperwork was signed and complete. | |
| 129. | CF explained that the aim was to reduce the risk of non-compliance during external audits. CF commented that 100% compliance had not yet been achieved (currently at 93%) and explained that the remaining issues largely related to historical learners who were uncontactable or employers who were no longer in business. | |
| 139. | CF commented that the audit had provided valuable insight into recurring issues. CF explained that E-sign up, a digital Apprenticeship on-boarding system, had been introduced. This system prevented enrolment without completed and signed documentation, ensured all required fields were completed before submission and provided transparency and auditability. CF commented that E-sign up had also improved the quality of initial assessments and skills scans and enhanced the efficiency of the process. | |
| 140. | CF commented that routine compliance checks had been introduced, e.g. Provider Data Self-Assessment Toolkit (PDSAT) and Funding Rules Monitoring (FRM). | |
| 141. | CF commented that all files would continue to be audited before they reached the Gateway, ensuring no learner went to End Point Assessment (EPA) without full compliance approval. | |
| 142. | CF commented that the move to E-sign up had allowed the College to carry out data mismatch checks in a much easier, efficient way, e.g. start dates, postcodes, dates of birth, National Insurance numbers and evidence of learning. Previously these checks had been manual and prone to human error. | |
| 143. | CF commented tht the Compliance team had worked closely with curriculum teams to raise awareness of funding rules, particularly around Off the Job Training, which had helped in terms of curriculum planning. | |

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| 144. | <p>CF outlined the planned actions moving forward:</p> <ul style="list-style-type: none"> • Further improvement and adoption of on-boarding processes. • RSM and ICCA audits. CF commented that the ICCA Mock Funding Audit report would be presented at the next meeting. • Development of dashboards and additional reporting through Collsys to improve efficiency. • Staff training / awareness of funding rules. • Employer liability insurance monitoring via Collsys. | |
| 145. | PN thanked SM and CF for their presentation. PN commented that the progress made since February last year had been substantial and thanked CF and her team for their work on this. | <p>DP When received</p> <p>DP July 2025</p> |
| 146. | DP commented that the Mock Funding Audit Report would be circulated as soon as it was received; he felt it was important that the Committee received this prior to any potential DfE audit. VCW commented that the audit had gone well, with just one or two issues that needed to be resolved before the final report was issued. | |
| 147. | RLe commented that the DfE was currently finalising its list of providers selected for funding audits and these were expected to be issued by the end of June. RLe commented that the DfE were working to streamline the PDSAT toolkit and the changes were expected to simplify the process and improve usability. | |
| 148. | RL commented that the presentation was very clear and the controls now in place provided assurance to the Committee. | |
| 149. | RL commented on the proposal to increase the target risk score and challenged whether this was necessary due to the range of controls now in place. RL commented that she would be reluctant to increase the target as this implied the College's risk appetite had changed. DP explained that the proposed increase to the likelihood reflected that a funding audit would take place and did not relate to the audit outcome. DP commented that he would liaise with SM and CF to review the target risk (or the risk definition) further. | |
| 150. | VCW commented that ICCA were currently working to develop a piece of software that could interrogate enrolment forms and compare them to other systems within the College and provide a list of anomalies. VCW explained that she would share further details with the College in due course. | |
| 151. | CF left the meeting at this point. | |
| 152. | Resolved: Committee members received the presentation regarding COL45 (ESFA Funding Audit). | |
| | AR/24/130 – Risk Management Policy and Strategy | |
| 153. | DP presented the revised Risk Management Policy and Strategy which had been reviewed to align this with Managing Public Money guidance. The changes had been tracked for information. | |
| 154. | Resolved: Committee members recommended the revised Risk Management Policy and Strategy to the Board for approval. | |

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| | AR/25/131 – Fraud & Whistleblowing Register | |
| 155. | Resolved: Committee members received the Fraud & Whistleblowing Register. | |
| | AR/25/132 – DfE Financial Statements Review 2023/24 and Summary of Key Measures Dashboard | |
| 156. | DP reported that the College had submitted the College's audited financial statements to the DfE for the year ended 31 July 2024. These had been reviewed by the DfE and they concluded that the College's financial health grade for 2023/24 was Outstanding. The financial dashboard had been provided for information. | |
| 157. | Resolved: Committee members received the DfE Financial Statements Review 2023/24 and Summary of Key Measures Dashboard. | |
| | AR/25/133 – Schedule of Policies & Annual Report | |
| 158. | DP presented Agenda Item AR/25/133 and provided a brief overview of the paper, which had been prepared by Daniel Grimes (DG), Head of Quality. The report included a detailed list of existing policies and procedures. | |
| 159. | DP commented on the number of policies, some of which could be procedures or strategies. DP questioned whether some of the policies should be delegated to the Strategic Leadership Team for approval, rather than the Board / Committees. It was agreed that a full review was required. DG would be asked to prepare a proposal, for the next meeting, regarding streamlining the Schedule of Policies, reviewing the policy categories and recommendations for delegation of approval where appropriate. It was agreed that this would be reviewed in line with the Scheme of Delegation | DP / DG September 2025 |
| 160. | Resolved: Committee members received the Schedule of Policies & Annual Report. | |
| | AR/25/134 – Risk Register | |
| 161. | DP presented the Risk Register and commented that this now included the two new risks that were requested by the Search & Governance Committee and the Senior Postholder Employment & Remuneration Committee; i.e. appointment of a Chair and Vice Chair of the Board and recruitment of a new Vice Principal – Finance & Resources. | |
| 162. | RL commented that several of the risks were within the remit of other Committees and questioned whether the Audit & Risk Committee were receiving assurance from the Committees on their own risks. | |
| 163. | JTH commented that each Committee Chair reports back to the Board and as part of the feedback provides any comments on suggested changes to risks. Committee members discussed the use of Committee Annual Reports to provide a statement around risk, it was agreed that this could be covered as part of the review of compliance with Committee Terms of Reference as the Committee Terms of Reference included responsibility around risk. | JTH Autumn 2025 |
| 164. | SCa commented on RSM's Emerging Risks and asked that a cross check between the College risks and the emerging risks was carried out to ensure everything was covered. SM would action this. | SM July 2025 |

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| 165. | Resolved: Committee members received the Risk Register. | |
| 166. | <p>AR/25/135 - Matters to be reported to the Board</p> <p>Committee members had:</p> <ul style="list-style-type: none"> • Noted the update on Outstanding Audit Recommendations. • Received the ISO 45001 : 2018 Audit Report. • Received a verbal update on the development of the Internal Audit Strategy and Annual Plan for 2025/26, noting that this was not yet available and would be circulated to members outside the meeting. • Approved the External Audit Plan for 2024/25 and received RSM's FE Emerging Issues report (Spring 2025). There had been a significant discussion around sector developments and changes. • Received a detailed presentation following review of COL45 (ESFA Funding Audit) and were assured as to progress to reduce the risk in this area (noting that the likelihood of an external audit in this area had increased) • Reviewed the Risk Management Policy & Strategy and recommended this to the Board for approval. • Received the DfE Financial Statements Review 2023/24 and the Key Measures Dashboard confirming the assessment of outstanding financial health. • Received the Schedule of Policies, noting that the full list of policies would be reviewed by the Quality team. • Received the Risk Register. | |
| 167. | <p>AR/25/136 – Any Other Business</p> <p>RL raised concern that the Internal Audit Strategy and Annual Plan for 2025/26 had not been available and requested that this as sent to members as soon as possible.</p> | |
| 168. | The forward plan for 2025/26 was noted. | |
| 169. | <p>AR/25/137 – Date of Next Meeting</p> <p>The next meeting was scheduled for Monday 8 December 2025 at 4.00pm (North Street).</p> | |