

LEEDS COLLEGE OF BUILDING

AUDIT & RISK COMMITTEE

Minutes of the meeting held on Monday 8 December 2025 at 3.20pm, North Street, Meeting Room 1 / Microsoft Teams.

PRESENT:

Matthew Shields (MS)	Chair & External Governor
Steve Carmody (SCa)	External Governor
Ruth Manning (RM)	Associate Governor

ATTENDANCE: 3 / 6 = 50% (KPI 80%)

IN ATTENDANCE:

Nikki Davis (ND)	Principal & Chief Executive
David Pullein (DP)	Vice Principal – Finance & Resources (not for AR/25/139)
Vici Cadwallader-Webb (VCW)	ICCA
Richard Lewis (RLe)	RSM
Sara Mitchell (SM)	Management Accountant (observer) (not for AR/25/139)
Chris Duncan (CD)	Vice Principal – Finance & Resources from January 2026 (observer)
Jane Taylor-Holmes (JTH)	Director of Governance (minutes)
Nancy Fearnside (NF)	PA to Strategic Leadership team

Items were considered in the order recorded in the minutes

Min. Ref.	Minutes	Actions
170.	AR/25/140 - Apologies for Absence Apologies for absence were received from Rachel Lindley (External Governor), Peter Norris (External Governor) and Sarah Wilson (External Governor). Apologies were also received from Javaria Sabar (Associate / Co-opted Governor).	
171.	AR/25/141 - Determination of Observers / Attendees Members agreed attendees / observers at the meeting as per the attendance list above.	
172.	Committee members welcomed CD to the meeting as observer.	
173.	AR/25/142 – Appointment of Chair (& Vice Chair) JTH commented that the proposed Chair and Vice Chair of the Committee had been shared with and approved by the Board at the meeting on 15 July 2025.	
174.	Resolved: MS was appointed Chair of the Committee for 2025/26. Peter Norris was appointed Vice Chair of the Committee for 2025/26.	
174.	AR/25/143 – Declaration of Interests in any Agenda items There were no declarations of interests in agenda items.	
176.	AR/25/144 – Minutes of the previous meeting Resolved: The minutes of the previous meeting held on 23 June 2025 were accepted as a true record.	

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177.	<p>AR/25/145 – Matters Arising</p> <p>Members noted the updates recorded against the matters arising. It was noted that all actions were complete or on the agenda for consideration.</p>	
178.	<p>AR/25/146 – Update on outstanding Internal Audit Recommendations</p> <p>DP presented the Internal Audit Recommendations paper.</p>	
179.	<p>DP confirmed that there was one medium priority recommendation in relation to Accountabilities from the Payroll procedures internal audit where the implementation date had slipped slightly beyond the due date. DP confirmed that the proforma for Progress and Welfare meetings had now been updated and the HR system had been configured to log and record completion rates.</p>	
180.	<p>There was one outstanding RSM recommendation on controls in relation to the implementation of Collsys and off the job logs in relation to apprenticeships. It was observed that this was still being developed, with the updated implementation date now set for March 2026.</p>	
181.	<p>Committee members thanked DP for the update.</p>	
182.	<p>Resolved: Committee members received the Internal Audit Recommendations and noted positive progress.</p>	
183.	<p>AR/25/147– Internal Audit Reports</p> <p>a) ESFA Mock Funding Audit</p> <p>The Committee received a report from VCW on the outcome of the recent ESFA mock funding audit. The audit provided substantial assurance, the highest level available, indicating strong compliance. Design was assessed as good and application / compliance also assessed as good.</p>	
184.	<p>VCW explained that the audit identified only two low-priority recommendations, both relating to apprenticeships. The Committee noted that this represented a significant improvement in an area previously considered high-risk.</p>	
185.	<p>VCW commented that, during the audit, minor inconsistencies were found in historical files, including:</p> <ul style="list-style-type: none"> 12 instances of ILR/documentation discrepancies. 3 cases where recorded hours did not match ILR entries. 1 learner with insufficient detail in off-the-job logs. 4 cases where KSB evidence was incomplete. 	
186.	<p>In response to a question from Committee members, none of the minor matters identified impacted funding eligibility, but required considerable compliance team effort to rectify.</p>	
187.	<p>Only one minor data inaccuracy (postcode mismatch) was identified in relation to the new system, demonstrating that the new system was effective in preventing previous issues.</p>	

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188.	VCW confirmed that Auditors were given unrestricted access to files and conducted the review blind (old vs new system). This confirmed that current processes were robust and issues were being addressed at the point of learner sign-up.	
189.	VCW referred to the fact that the College had not been notified of an ESFA Audit (DfE) and commented that this may be due to the fact that the college was not triggering any ESFA risk factors, reflecting strong ILR data integrity and compliance.	
190.	Committee Members expressed appreciation for the significant turnaround in this area, noting that ESFA compliance had been a longstanding concern. The Chair and members commended the compliance team for their exceptional work and requested that formal thanks be passed to the Team involved.	
	b) 16-18 Curriculum Planning	
191.	The Committee received a report from VCW on the internal audit review of curriculum planning for 16–18 provision. The audit provided substantial assurance, with no recommendations arising from the review. Design was assessed as good and application / compliance also assessed as good.	
192.	VCW explained that the report confirmed the College had a robust curriculum planning process in place, ensuring; Delivery of the correct number of hours to students, alignment with government priorities, efficient and effective curriculum design for 16–18 learners and that this positioned the College well for anticipated demographic growth and increased learner numbers.	
193.	The review confirmed that the planning system was comprehensive and supports compliance with funding and quality requirements. No weaknesses were identified.	
	c) 16-19 Bursary Fund and Learner Support Funding	
194.	The Committee received a report from VCW on the internal audit review of the 16–19 Bursary Fund and Learner Support Funding. The audit opinion was: Design: Adequate Application & Compliance: Adequate Overall Assurance: Reasonable	
195.	Two recommendations were identified: One relating to system design One medium-priority recommendation concerning application and compliance	
196.	VCW provided some context and explained that the Department for Education (DfE) was revisiting bursary rules due to audits being challenging for providers because of stringent evidence requirements.	
197.	VCW confirmed that at no point was there any risk that learners were not receiving their entitled funds; it was acknowledged that the College went above and beyond to ensure support was provided.	
198.	Issues raised related to compliance with detailed DfE guidance rather than learner outcomes.	

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199.	<p>Recommendation in relation to the Voucher System: VCW explained that learners currently received physical vouchers for free breakfast and lunch. The review found that the catering company was being reimbursed for the full face value of vouchers, even if learners spent less than the maximum amount.</p>	
200.	<p>The Planned improvement was the introduction of a facial recognition system to load funds electronically and deduct actual spend, reducing risk and improving control.</p>	
201.	<p>The Medium risk reflected potential non-compliance with DfE guidance, which could theoretically lead to clawback, though this is considered unlikely.</p>	
202.	<p>It was agreed that facial recognition would also address risks of lost or misused vouchers and improve safeguarding by reducing opportunities for bullying or harassment.</p>	
203.	<p>Committee members agreed the risk was small and welcomed the planned move to a cashless, facial recognition-based system, noting benefits for security and efficiency. It was agreed that the system would be shared with Committee members once implemented.</p>	<p>Action: Future meeting</p>
204.	<p>MS observed that the report was positive overall and that the College's approach prioritises learner welfare.</p>	
	<p>d) Follow-up of previous recommendations</p>	
205.	<p>VCW presented the follow up of previous recommendations internal audit report.</p>	
206.	<p>VCW confirmed 100% compliance with all previously agreed recommendations. This year, in an improvement to the process, VCW confirmed that all actions reported as implemented by management were verified through evidence testing, which represented a stronger assurance approach than in prior years.</p>	
207.	<p>The Committee noted 100% compliance was unusual compared to sector norms, where partial implementation was common, and commended the College for its professionalism and commitment to compliance.</p>	
208.	<p>Committee members expressed appreciation for the assurance provided, noting that this outcome reflected positively on the College and its management team.</p>	
209.	<p>Resolved: Committee members received the Internal Audit reports.</p>	
	<p>AR/25/148 – Annual Internal Audit Report 2024-25</p>	
210.	<p>VCW presented the Annual Internal Audit Report 2024/25.</p>	
211.	<p>The annual opinion, as set out on page 52 of the pack, provides reasonable assurance that risk management and internal control systems are operating adequately and effectively, with no material control failures identified.</p>	
212.	<p>VCW confirmed the annual opinion as follows; <i>Based on the work undertaken during the year, and the implementation by management of previous internal audit recommendations, we can provide the Audit and Risk Committee and Corporation with Reasonable Assurance that Leeds College of Building's risk management and systems of internal control were operating adequately and effectively and that there were no instances where any breakdown of control resulted in a material discrepancy.</i></p>	

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	<p><i>Insufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of the College's governance arrangements.</i></p> <p><i>In our opinion, the College has adequate and effective risk management and systems of internal control in place to manage the achievement of its objectives and securing economy, efficiency and effectiveness.</i></p> <p><i>No significant control issues were identified in 2024/25 as a result of our work undertaken.</i></p> <p>213. VCW referred to the statement around insufficient audit work undertaken on governance and confirmed that governance would be embedded in all audits for 2025/26 to address this.</p> <p>214. JTH referred to a full statement within the Corporate Governance Statement within the Annual Financial Statements which provided assurance around governance arrangements in place.</p> <p>215. VCW explained that the report summarised all information provided to the Audit Committee during the period; a summary of all audits completed during the year (page 54) showed the majority of reports achieved substantial assurance, with only two areas rated as reasonable.</p> <p>216. The Committee agreed this represented a strong overall position and significant progress compared to previous years.</p> <p>217. Committee members reflected on the substantial improvement in risk management, particularly regarding ESFA funding compliance, noting the journey from a historic risk of significant clawback to the current position of strong assurance.</p> <p>218. A question was raised about whether self-assessed risk scores (page 53) remained appropriate given the progress made.</p> <p>219. VCW advised that while risk scores could reduce as older apprenticeship files were cleared and only new, fully compliant learners remain, the current rating reflected residual risk until all historic files were closed and there had been no notification of a funding audit.</p> <p>220. VCW and RLe reiterated that the College was not considered high-risk by the DfE and was unlikely to be selected for audit based on current indicators. However, if audited, transparency and cooperation with the DfE would be key to mitigating any clawback risk.</p> <p>221. The Committee again acknowledged the significant work undertaken to strengthen compliance in this area.</p> <p>222. Resolved: Committee members received the Internal Audit Annual Report 2024/25.</p>	
	<p>AR/25/149 – Business Continuity Plan</p> <p>223. On behalf of Rob Holmes (RH), Vice Principal Curriculum, Quality and Innovation, ND provided an update in relation to the Business Continuity Plan (BCP).</p>	

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224.	The Committee received a verbal update (via email) from RH regarding the development of the Business Continuity Plan (BCP).	
225.	The BCP had been completed following input from all relevant teams, including Estates, IT, HR, Safeguarding, Marketing, and the Senior Leadership Team. Managers had been identified as leads for each area.	
226.	A scenario-based test exercise was scheduled for January, to be facilitated by Gallagher (formerly FE Protect), the College's insurance provider. AJG, would be providing external assurance on the College arrangements and would carry out a desk-based test and audit of the draft BCP at the end of January 2026.	
227.	The exercise would assess decision-making and communication processes, with lessons learned incorporated into the plan before final validation.	
228.	ND confirmed that the plan would be stored in hard copy at reception areas and made available electronically to ensure accessibility in different eventualities.	
229.	Committee members welcomed the update and noted the collaborative approach taken across the college.	
230.	It was acknowledged that the January test was intended to identify weaknesses rather than demonstrate perfection, and that learning from the exercise was critical.	
231.	MS reflected on lessons learned from previous continuity exercises and emphasised the importance of robust preparation.	
232.	It was agreed that feedback from the testing would be provided to the Committee at the next meeting.	
233.	Resolved: Committee members received the update on the Business Continuity Plan.	
	AR/25/150 – Risk Management update	
234.	DP presented the Risk Management update.	
235.	DP commented that two temporary risks had been added to the risk register in February relating to succession planning for the Principal and Chair. It was noted that following successful recruitment to both posts, the risks would be removed which would reduce the register back to 19 active risks.	
236.	The Committee noted that the register now reflected mission-critical risks, with routine operational matters managed effectively through day-to-day processes.	
237.	Committee members agreed that the current number and scope of risks is appropriate and proportionate.	
238.	Resolved: Committee members received the Risk Management update.	

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<p>AR/25/151 – RSM FE Emerging issues – risks mapped to College risks</p>		
239.	SM confirmed that a comparison exercise had been undertaken between RSM’s sector-wide emerging risks and the College’s risk register. This had been done at the request of Rachel Lindley (RL) and it was agreed that this had been a useful exercise.	
240.	SM explained that there was significant overlap identified, particularly in areas such as cybersecurity, AI developments, and financial sustainability.	
241.	Two RSM risks were not directly mapped to the register - mental health and safeguarding. Committee members discussed the risks and it was noted that while these did not appear on the register, substantial work was being undertaken through other Committees (Staff wellbeing through Finance and Resources Committee and Student wellbeing through Quality, Curriculum & Performance Committee) and operational plans to acknowledge challenges in these areas and provide adequate support.	
242.	The Committee agreed that unmapped risks should be footnoted with commentary to confirm ongoing activity outside the register, maintaining transparency and assurance.	<p>Action: DP March 2026</p>
243.	Committee members commented on the importance of continuing the mapping exercise on a semi-regular basis to ensure new sector risks were identified promptly. It was agreed that this would be added to the Committee work plan.	<p>Action: JTH March 2026</p>
244.	It was agreed that sustainability would be a key area for future focus, with an update to be provided to the Finance & Resources Committee within the next 12 months.	<p>Action: F&R 2025/26</p>
245.	Resolved; Committee members received the RSM FE Emerging issues – risks mapped to College risks report.	
<p>AR/25/153 – Whistleblowing Policy Procedure</p>		
246.	Committee members noted that there were no amendments recommended following the internal review of the Policy.	
247.	Resolved: Committee members approved the Whistleblowing Policy Procedure.	
248.	In response to a question, it was confirmed that there had been no instances of whistleblowing reported (see item AR/25/155).	
<p>AR/25/154 – Schedule of Policies – update</p>		
249.	The Committee reviewed the current schedule of college policies and noted the extensive number in place.	
250.	Committee members expressed concern at the large number of policies, observing that some may in fact be operational procedures rather than strategic policies. It was suggested that a review be undertaken to distinguish between core policies essential to governance and compliance and procedures and everyday operational guidance that could be removed from the formal policy list or consolidated.	

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251.	A streamlined set of policies would improve clarity, reduce duplication, and ensure that staff and stakeholders could engage effectively with key governance documents.	
252.	Committee members highlighted the risk that an excessive number of policies may lead to reduced oversight and difficulty in maintaining compliance, reinforcing the need for simplification.	
253.	It was agreed that the approach should mirror the recent work on the risk register and focusing on a manageable, meaningful set of documents. Committee members suggested merging related policies (e.g., travel and bike policy) and appending procedural detail where appropriate.	
254.	The Committee acknowledged that some policies were statutory and must remain but recommended starting with these as the core set and removing or consolidating others. A review of the Scheme of Delegation would also highlight Policies for review by the Corporation and Committees. It was agreed that clear communication with staff and students around changes was important.	
255.	Resolved: Committee members received the Scheule of Policies update.	
	AR/25/155 – Fraud & Whistleblowing Register	
256.	Resolved: Committee members received the Fraud & Whistleblowing Register.	
	AR/25/156 – Draft Audit Committee Annual Report 2024-25	
257.	JTH presented the Draft Audit Committee Annual Report 2024-25.	
258.	JTH explained that the report included assurance received from internal and external auditors, summarised risk management activity, internal audit outcomes, and input from the external auditor on the financial statements.	
259.	The report also detailed Committee meetings, attendance records, and matters considered throughout the year.	
260.	The Annual Report concluded that the Committee was satisfied internal control systems were operating adequately and effectively.	
261.	RLe queried whether the report should explicitly reference the recent external governance review, noting that while this was disclosed in the financial statements, it may not be evident to readers of the Committee report.	
262.	The Committee agreed that this reference would be added to strengthen the report and provide clarity on governance assurance. It was agreed that JTH would amend the report prior to submission to the Board in December.	Action: JTH December 2025
263.	Resolved: Subject to the amendments, the Annual Report was recommended to the Board in December 2025.	

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264. 265. 266.	<p>AR/25/157 – Committee Self Evaluation</p> <p>JTH presented the Committee self- evaluation and referred Committee members to the assessment against the performance of the Committee during 2024/25. It was agreed that all aspects of the Terms of Reference had been discharged.</p> <p>The Committee noted strong attendance and engagement throughout the year. Members reflected positively on improvements in internal controls and risk management, acknowledging significant progress compared to previous years.</p> <p>Resolved: Committee members approved the Committee Self-Evaluation</p>	
267. 268.	<p>AR/25/158 – Committee Terms of Reference 2025-26</p> <p>JTH confirmed that a small number of amendments were proposed in relation to the replacement of the ESFA with the DfE and the replacement of the Post-16 Audit Code of Practice with new Frameworks.</p> <p>Resolved: Committee members approved the Terms of Reference and recommended the Terms of Reference to the Corporation.</p>	
269. 270. 271.	<p>AR/25/159 – Matters to be reported to the Board</p> <p>Items to be provided to the Board for information:</p> <ul style="list-style-type: none"> • Audit Committee Annual Report – subject to approved amendment <p>Items recommended to the board for approval.</p> <ul style="list-style-type: none"> • Terms of Reference <p>Actions from meeting</p> <p>Policy Review</p> <p>Committee requested a review of the extensive policy schedule to distinguish core governance policies from operational procedures and consolidate where possible.</p> <p>Action: SLT to develop a streamlined policy framework and report back.</p> <p>Key Assurances</p> <p>Internal Audit Follow-Up:</p> <p>100% compliance with previous recommendations verified through evidence testing—strong assurance compared to sector norms.</p> <p>Internal Audit Reports:</p> <p>ESFA Mock Funding Audit: Substantial assurance, only two low-priority recommendations; significant improvement in compliance.</p> <p>16–18 Curriculum Planning: Substantial assurance, no recommendations.</p> <p>16–19 Bursary Fund: Reasonable assurance, two recommendations; learner welfare prioritised, facial recognition system planned to strengthen controls.</p> <p>Follow up: all recommendations completed with increased evidence testing.</p> <p>Annual Internal Audit Opinion</p> <p>Reasonable assurance that risk management and internal controls were operating effectively; no material control failures identified.</p> <p>Governance opinion in Financial Statements and in Audit Committee Annual Report.</p>	

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272.	<p>Risk Management: Succession risks to be removed following appointments.</p> <p>Business Continuity: Comprehensive plan completed; external assurance and testing scheduled.</p> <p>Alerts / Areas for Board Attention None.</p> <p>AR/25/160 - Any other Business</p> <p>Forward plan 2025/26</p>	
273.	<p>Resolved: Committee members reviewed and approved the forward plan 2025/26 subject to reference to a future mapping review of the RSM emerging issues publication.</p>	
	<p>AR/25/161 – Date of Next Meeting</p>	
274.	<p>The next meeting was scheduled for Monday 23 February 2026; 4.00pm to 5.30pm, North Street</p>	
275.	<p>AR/25/139 – open discussion between Auditors and members</p> <p>DP, SM, CD, left the meeting for this item.</p>	
276.	<p>RL highlighted the extensive behind-the-scenes work undertaken with management to ensure accurate and transparent disclosures in the financial statements.</p>	
277.	<p>RL and VCW confirmed that collaborative discussions on what information should be disclosed, iterative drafting and review of wording to ensure clarity and compliance had successfully taken place. Management had responded fully to recommendations provided by auditors, followed by management updates and refinements.</p>	
278.	<p>Committee members confirmed that there were no issues or concerns that would prevent RSM from issuing their audit opinion or completing the financial statements.</p>	
279.	<p>Committee members acknowledged the importance of collaboration between auditors and management in producing clear and compliant disclosures.</p>	
280.	<p>Appreciation was expressed for supporting the college through the internal and external audit process.</p>	