

LEEDS COLLEGE OF BUILDING

JOINT AUDIT & RISK AND FINANCE & RESOURCES COMMITTEE

Minutes of the meeting held on Monday 8 December 2025 at 4.00pm, North Street, Meeting Room 1 / Microsoft Teams.

PRESENT:

Matthew Shields (MS)	Chair & External Governor
Nikki Davis (ND)	Principal & CEO
Michael Norton (MN)	Staff Governor (<i>attended via Microsoft Teams</i>)
Ruth Manning (RM)	Associate Governor

ATTENDANCE: 4 / 8 = 50% (KPI 80%)

IN ATTENDANCE:

David Pullein (DP)	Vice Principal – Finance & Resources
Vici Cadwallader-Webb (VCW)	ICCA
Richard Lewis (RLe)	RSM
Sara Mitchell (SM)	Management Accountant (observer)
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

Min. Ref.	Minutes	Actions
1.	A&F/25/101 – Apologies for Absence Apologies for absence were received from Sarah Wilson (External Governor), Steve Carmody (External Governor and Corporation Chair), Rachel Lindley (External Governor) and Peter Norris (External Governor) and Javaria Sabar (Associate Governor).	
2.	A&F/25/102 - Determination of Observers / Attendees Members agreed attendees / observers at the meeting as per the attendance list above.	
3.	A&F/25/103 – Declaration of Interests in any Agenda Items There were no declarations of interest in agenda items.	
4.	A&F/25/104 – Draft Audit Findings Report RLe presented the Draft Audit Findings Report, it was noted that this would be updated and finalised on completion of the final outstanding matters before presentation to the Board at the meeting on 16 December.	
5.	RLe confirmed that it was anticipated an unmodified independent reporting accountants assurance report and opinion on the accounts and regularity, subject to the satisfactory clearance of any outstanding matters outlined within the report. It was noted that nothing outstanding would impact on materiality within the report and that the audit work was substantially complete.	
6.	RLe confirmed the outstanding work as follows; update to the date of signing for post balance sheet events, receipt of management's representation letter, final review of financial statements and review of DfE reconciliation.	

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7.	RLe commented that no material misstatements were identified; a small number of minor unadjusted items remained, none of which affected the true and fair view of the accounts.	
8.	Significant risk areas had been reviewed including income recognition (particularly apprenticeship income), management override of controls, pensions, and capital grants.	
9.	RLe explained that testing confirmed appropriate accounting treatment and compliance with relevant rules, including Managing Public Money (MPM) guidance.	
10.	RLe confirmed that a review of controls and compliance had been undertaken and there was no evidence of management bias, inappropriate journal entries, or non-compliance with MPM rules, which had also been tested in relation to restructuring costs.	
11.	RLe commented that the biggest significant risk was around apprenticeship income recognition and there had significant progress in this area. RSM had reviewed PDSAT and ILR returns and no material errors had been identified. The College's progress on apprenticeship compliance (as an area of high complexity) and data integrity was commended.	
12.	RLe explained that pension liabilities had reduced due to discount rate changes, resulting in an overall asset position; however, this was not reflected in the accounts in line with accounting standards and was recorded as nil.	
13.	Capital grants and restructuring costs (in assessing regularity) were appropriately accounted for.	
14.	Control points identified were shared and included in the report, RLe commented that these were low-level housekeeping issues, primarily related to funding and data quality, with positive responses from management. Committee members noted that the long-standing recommendation in relation to journals had now been removed following the recruitment to of SM as Management Accountant.	
15.	There was a discussion around the minor upcoming changes to accounting standards (FRS102) and it was noted that there was anticipated a minimal impact on College reporting.	
16.	Committee members sought clarification on the nature of the unadjusted misstatements and were assured they are immaterial; RLe referred to the appendix in the report.	
17.	Discussion took place on the complexity of apprenticeship funding and the College's continued improvement in compliance and data quality.	
18.	The Committee acknowledged the positive outcome and expressed appreciation for the collaborative approach between management and auditors.	
19.	RLe confirmed that, subject to final updates, the College was in a good position for sign-off, with no significant concerns raised.	
20.	Resolved; Committee members received the draft Audit Findings Report and noted the improving audit report picture from RSM and thanked all staff at the College in relation to the improvements and support of the external audit.	

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	A&F/25/105 – Draft Financial Statements – year ended 31 July 2025	
21.	Committee members reviewed the draft Financial Statements for year ending 31 July 2025 and thanked SM who had prepared the Financial Statements. DP commended the quality and completeness of the work.	
22.	In relation to financial performance, DP commented that turnover had reached £28 million, with projections indicating growth beyond £30 million in the coming year.	
23.	A surplus of approximately £3 million was reported, enabling significant capital investment to enhance facilities for staff and students.	
24.	The balance sheet reflected a strong position, including robust net current assets and healthy cash reserves.	
25.	Committee members were referred to the narrative sections of the report which also highlighted sustained improvement in teaching and learning outcomes over a three-year period, and student success stories with confidence expressed that the College would achieve a positive inspection under the new Ofsted inspection frameworks.	
26.	MS commented that he was pleased to see the wider narrative and that this read very well.	
27.	Audit action points had been fully addressed, demonstrating strong governance and compliance.	
28.	DP commented on the increased enrolments in the 16-18 cohort, which were expected to generate in-year growth and an additional £1 million in funding for the next budget cycle.	
29.	Committee members praised the financial performance and stability, noting the College’s ability to fund capital projects without external borrowing and the significant improvement in the North Street campus to improve student experience and facilities.	
30.	RM highlighted the exceptional progress and expressed appreciation for the leadership and hard work that contributed to the current position.	
31.	RLe commended the quality of disclosures and narrative within the statements, describing the College as “a beacon of good practice.” He confirmed that the going concern assessment and internal control conclusions were sound and supported by prior committee work and internal audit findings and no high-priority or fundamental issues had arisen from internal audit or regularity testing.	
32.	The regularity statement was expected to be signed off without issue, with no matters of non-compliance identified.	
33.	RLe further confirmed that the financial statements met disclosure requirements and all recommended enhancements had been incorporated.	
34.	RLe asked whether Committee members were aware of any fraud risk or evidence of any fraud. Committee members confirmed that they were not aware of any matters to raise.	

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35.	DP commented that the Audit & Risk Committee received a report to each meeting to confirm no instances of fraud and irregularity to report.	
36.	The Committee noted the strong financial position and governance framework, expressed confidence in the draft statements, and acknowledged the positive outlook for future growth. No material concerns were raised.	
37.	Resolved; Committee members recommended the draft Financial Statements to the Board for approval.	
38.	Items recommended to the Board for approval: <ul style="list-style-type: none"> • The Financial Statements for the year-ended 31 July 2025 • The Audit Findings for the year-ended 31 July 2025 	