

The Corporation of New College Durham

**Minutes of the Audit and Risk Committee
meeting held on 22 September 2025**

Present:

Allen Eccles
Kathryn McCloghrie

Jonathan Hamill

Apologies:

Emily Baxter

Observing:

Chris Patterson

In attendance:

Paul Bradley (Chief Finance Officer)
Bob Metcalf (Executive Director of Finance & Corporate Services)
Adele Dowson (Vice Principal)
Stephen Pringle - WBG (Internal Audit Service)
Angela Ingham, Marc Breeze – Azets (External Audit Service)
Caroline Winter (Head of Governance & Corporation Secretary)

Action

25/30 Chair's introduction

The Chair welcomed everyone to the meeting and updated attendees that Chris Patterson was joining the meeting as an observer ahead of his proposed appointment to the committee as Committee Chair Designate.

Members were reminded to declare their interests in any item of business to be discussed at the meeting. No interests were declared.

25/31 Audit Committee private discussion with auditors

In line with best practice and as agreed at previous meetings, the Audit and Risk Committee met in private with the internal and external auditors to discuss matters of interest or concern. A short discussion took place however no issues of concern were raised.

Paul Bradley, Bob Metcalf and Adele Dowson joined the meeting at 4.07pm.

25/32 Apologies for absence were received from Emily Baxter

25/33 Minutes of previous meeting (Papers A1 & A2)

The minutes of the meeting held on 16 June 2025 (including confidential minutes) were agreed as accurate.

25/34 Matters arising not appearing elsewhere on the agenda

25/20 – the feedback from the Cyber Security disaster recovery exercise was added to the Schedule of Business for the March

meeting and a cyber security internal audit review was added to the work programme in the Internal Audit Plan.

25/20 – the changes to the IA Plan requested by the Committee were made prior to Corporation approval.

25/23 – the risk relating to loss of staff and failure to recruit was updated to include the Senior Leadership Team with succession planning arrangements added to the controls.

25/35 Strategic Risk Register – update (Paper B)

This item is recorded confidentially under confidential minute 25/35a.

25/36 Risk Management Annual Report 2024/25 and Key Risks (Paper C)

Paul Bradley presented Paper C, the Risk Management Annual Report for 2024/25. It was noted that the Committee had been updated on activity within the strategic risk register throughout the year.

Part of this item is recorded confidentially under confidential minute 25/36a.

Colleen Peters joined the meeting.

Members reviewed the areas of emerging risk and asked about the likelihood of strike action at the College in the event of national action. Paul recounted examples from previous years where local trade union ballots had been taken on the NCD pay recommendation. In recent instances there had been insufficient support for industrial action due to the College's position compared with other colleges where the AoC recommended award may have been unaffordable. Members noted the updates on the relicensing of the North East Institute of Technology at a time that the model was being reviewed by government, the need to review the position on developing the sports and music building considering the increased student recruitment this year, and the emerging risk of the change in local political leadership in the context of the College's core values and potential for a reputational and funding impact. Members reviewed the details of the emerging environmental risk and requested an update on the College's carbon management plan.

PB

Members reflected on the increasing number of emerging risks and requested that where appropriate some of these were worked up in more detail and included in the risk register. It was also noted that risks tended to be considered as threats and members suggested that the opportunities of emerging issues should also be considered.

PB

Members reflected on the detail in the report and agreed that the paper should be categorised as a confidential report due to the inclusion of commercially sensitive information.

**PB /
CW**

Members noted the key risks and the Annual Report.

25/37 Final Report – Funding Review - Apprenticeships (Paper D1)

Stephen Pringle presented Paper D1, the internal audit review of Apprenticeship Funding arrangements.

The audit had been conducted in line with DfE funding guidelines and it was noted that WBG were one of the firms on the DfE framework to undertake this work. The review was based on a sample of June 2025 information. Members noted the areas covered by testing as outlined in the report and Stephen confirmed the review concluded with 13 recommendations comprising one high priority, five medium and seven low. Members' attention was also drawn to the four good practice points and benchmarking information. Stephen advised that apprenticeships was the area of funding where there was a tendency to see more recommendations, demonstrated in the benchmarking section which detailed issues identified at other colleges. The high level recommendation was outlined in detail in the report and related to off the job training records. Stephen advised that whilst the overall level of assurance was weak, there was a caveat that if the College was selected by the DfE for an apprenticeship funding review the College could be confident that following implementation of the recommendations it was unlikely any further issues would be identified.

The Chair invited observations on the report from Colleen Peters, Vice Principal Business Development, Productivity & Apprenticeships. Colleen advised that the College recognised the importance of maintaining robust systems and ensuring compliance with the funding rules in order to safeguard public funds. Colleen thanked the internal auditor for her work with the team and confirmed that the audit had been very useful in highlighting where greater accuracy and assurance was needed. Colleen highlighted the importance of the context of the audit including the complexity of apprenticeship funding rules and the significant increase in volume of apprentices in the last three to four years, which had created additional opportunities as well as challenges. The College had responded proactively but it was acknowledged that some processes had not kept pace with this level of growth. Colleen confirmed that the recommendations were an opportunity to address the issues identified and that these were being addressed promptly with stronger controls being implemented and a plan for these to be embedded as soon as possible.

In response to the high grade recommendation relating to off the job training, Colleen emphasised that whilst the importance of

accurate recording was recognised, the delivery and authenticity of training was not in question, but rather the inconsistency in apprentice submissions. Following the audit a full review of off the job training was conducted covering induction, training, a review of the paperwork and the introduction of 12-weekly monitoring.

In terms of other immediate actions, Colleen advised that a streamlined process for incentive payments had been implemented and the College was using a simplified process to proactively contact eligible employers.

Members commented that they were greatly assured that action had been taken so rapidly to resolve many of the recommendations but in recognition of this being the first IA report in a number of years with a weak overall assurance rating, requested that a further update on progress against the observations and recommendations in the report was brought back to a future meeting.

**PB /
CP /
CW**

Members queried whether a review to look at the root causes of the issues raised had been undertaken and whether there was an opportunity for peer review support from areas undertaking what were clearly very complex activities well. Stephen Pringle advised that once the recommendations were implemented that NCD would effectively become the best practice peer for comparison and that a revisit next year would not expect to find the issues that had been identified, which were common in a first DfE funding review. The wider context was that firms undertaking DfE funding work generally raised a lot of recommendations and that apprenticeships was always the area where there were most and WBG had carried out reviews elsewhere with a number of high grade recommendations. The fact the recommendations were being implemented without delay was extremely positive and NCD would become as good as other providers performing well in this area.

Bob Metcalf advised that the College was currently subject to a DfE audit of all funding streams and so the IA review had been useful in identifying issues to be addressed. Bob reiterated that the apprenticeships funding stream was one of the most complex and changed regularly. Wider financial reporting remained quite robust within the College and it was therefore important that these issues had been flagged. Members agreed and welcomed that the review had demonstrated areas for improvement and reiterated the importance of understanding and addressing any root causes for future benefit.

Members noted the report.

25/38 Grant Review – Sub-contracting grant (Paper D2)

Stephen Pringle presented Paper D2, which detailed the outcome of the audit review of sub-contracting arrangements for the North East Combined Authority and the Tees Valley Combined Authority.

Stephen confirmed that the audit work gave the arrangements in each case a clean bill of health with no recommendations raised.

Members commended the outcome of the reviews and noted the reports.

Colleen Peters left the meeting at 5.05pm.

25/39 Internal Audit Annual Report (Paper D3)

Stephen Pringle presented Paper D3, the Internal Audit Annual Report 2024/25.

Stephen summarised the WBG quality assurance process and confirmed the firm's compliance with the relevant audit standards including all 64 standards of the Internal Auditors' International Professional Practices Framework (IPPF).

Stephen advised that WBG had undertaken sufficient work to draw the conclusion in the report, that the College *'did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of the audit work'*.

Stephen highlighted that the report referenced the sub-contracting and grant audit work as well as the weak level of assurance in the apprenticeships funding review. Stephen advised that with the exception of apprenticeships, all audit reports gave strong assurance, that all KPIs in the report had been 100% achieved and overall this was a positive report on the previous year.

Andy Stephenson joined the meeting.

Members queried whether the performance measures were sufficiently challenging given all had achieved 100% and Stephen confirmed that most were standard measures used with all clients around process and the reporting timetable and that it was possible that there would be occasions where deadlines were missed.

Members noted:

- the content of the report and the overall opinion that the College did have adequate and effective risk management, control and governance processes in 2024/25 and proper arrangements to secure value for money
- the comments on the level of assurance over the apprenticeships review
- **and agreed to recommend the report to Corporation.**

25/40 Academic Fraud – Annual Report 2024/25 (Paper E)

Andy Stephenson presented Paper E, the Annual Report on Academic Fraud.

Andy advised that the College continued to strengthen its approach to Academic Integrity, which now included maladministration as academic malpractice. Robust procedures were operating in both FE and HE ensuring that behaviour was managed consistently. Andy explained that the use of AI tools was becoming increasingly difficult to evidence and that both the Academic Integrity policy and staff CPD activity had been updated to reflect the position.

Andy gave an overview of the position for 2024/25 and members reviewed the cases detailed in the report. It was noted there had been cases of malpractice in HE at Durham and all three partner sites. All were managed through the Amber tariff procedure to ensure fairness and the College had taken over the procedure in respect of OBC cases to ensure consistency in its application. The number of FE cases was low and largely related to queries raised by awarding bodies in relation to the assessment process. These were not necessarily instances of deliberate malpractice but had been investigated with corrective steps taken. One allegation involving the use of AI had been investigated and dismissed and Andy again highlighted the challenges in evidencing the use of AI. Andy concluded that the number of cases overall was small in comparison to the student population and that where issues were identified processes were reviewed.

Nik Whiting joined the meeting.

Members noted the relatively low number of cases and queried whether there was a sector benchmark. Andy confirmed that the assessment of a low number of cases was an internal view based on the number of students and cases seen to date but confirmed he would look into potential benchmarking information as well as monitoring the number of cases annually to determine any change. A discussion followed on the culture around use of AI among staff and students and Andy explained that the College was keen to support students to use and develop their skills in using AI but noting the potential for it to be misused. Members noted that the cross-College AI Steering Group promotes the use of AI with a focus on responsibilities in its use. Members observed the difference in the number of cases at OBC when compared with CECOS and the London School of Commerce and Andy advised that OBC had been directly applying Turnitin software for detecting AI use without the necessary refinement to make it a meaningful measure.

AS

Members noted the report.

Andy Stephenson left the meeting at 5.20pm.

25/41 Network Security Management 2024/25 (Paper F)

This item is recorded confidentially under confidential minute 25/41a.

Nik Whiting left the meeting at 5.29pm.

25/42 Annual Report on fraud attempts and whistleblowing 2024/25 (Paper G)

Paul Bradley presented Paper G which updated on fraud attempts against the College and whistleblowing disclosures made during 2024/25.

Paul confirmed that there had been no fraud attempts recorded over the last year and commented that this was particularly positive in the context of the level of construction activity at the College. Paul updated members on his discussion with the DfE's Head of Counter Fraud, Intelligence and Solutions about counter fraud strategies and fraud trends in the sector. Members also noted the plan for training to be delivered across the College in relation to the new Economic Crime and Corporate Transparency Act 2023 which had recently come into force. Members asked if a summary of the new requirements could be shared with governors after the training and Paul confirmed that the training slides would be shared with governors when available with the potential to arrange a separate session for governors. The Chair suggested this topic was fed into the governors' training programme.

PB

CW

Part of this item is recorded confidentially under confidential minute 25/42a.

Members noted the annual report on fraud attempts and incidents of whistleblowing in 2024/2025.

25/43 Fraud Investigation Report (Paper H)

This item is recorded confidentially under confidential minute 25/43a.

25/44 Regularity self-assessment questionnaire 2024/25 (Paper I)

Bob Metcalf presented Paper I, the Regularity Self-Assessment Questionnaire (RSAQ), which the Committee were asked to review prior to signing by the Corporation Chair and Accounting Officer.

Members noted that the questionnaire was considered by the Committee every year as a requirement of the annual audit. Members reviewed the responses in the document and noted the consistency with the fraud and whistleblowing matters considered separately on the agenda. Members requested that the text in the evidence column relating to ex gratia payments and expenses on page 38 of the questionnaire was amended to ensure this was clear for anyone reading the document.

BM

25/45 Any other business

Members discussed whether to hold any of the remaining meetings of the Committee in person. Members commented that the most useful meeting to have in person would be in November to consider the accounts and audit findings report. It was agreed to discuss this with the External Audit Service but noted that if meeting in person the option to dial in would be retained.

PB

25/46 Date of Next Meeting – 24 November 2025

Bob Metcalf, Adele Dowson, Stephen Pringle, Angela Ingham and Marc Breeze left the meeting.

25/47 Confidential Item – Review of Internal Auditor Performance Indicators 2024/25 (Paper J)

This item is recorded confidentially under confidential minute 25/47a.