

The Corporation of New College Durham

**Minutes of the Audit and Risk Committee
meeting held on 24 November 2025**

Present:

Allen Eccles (Chair)
Kathryn McCloghrie *via*
Teams

Chris Patterson

Apologies:

Nigel Harrett

In attendance:

Paul Bradley (Chief Finance Officer)
Bob Metcalf (Executive Director of Finance & Corporate Services)
Adele Dowson (Vice Principal, Curriculum)
Elaine Bonham (Executive Director HR and Corporate Services) – *to Paper C1 only*
Peter Morrison (Vice Principal, HE) – *to Paper C2 only*
Stephen Pringle - WBG (Internal Audit Service) *via Teams*
Angela Ingham, Marc Breeze – Azets (External Audit Service)
Caroline Winter (Head of Governance & Corporation Secretary)
Chloe Freeman (Administrator)

Action

25/48 Chair's introduction

The Chair welcomed everyone to the meeting and noted that Chris Patterson had been formally appointed to the Committee since attending the previous meeting as an observer.

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

25/49 Audit and Risk 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 and gain further audit assurance.

A member raised a small number of matters for clarification in relation to the Audit Findings report and the HE Partnerships report and confirmed that the matters would also be raised at the relevant point on the agenda with management in attendance.

Paul Bradley, Bob Metcalf, Adele Dowson, Elaine Bonham and Peter Morrison joined the meeting at 4.13pm.

25/50 Apologies for absence were received from Nigel Harrett.

25/51 Minutes of previous meeting (Paper A1)

The non-confidential minutes of the meeting held on 22 September 2025 were agreed as accurate. The Chair advised that the confidential minutes would be dealt with at the end of the meeting.

25/52 Matters arising not appearing elsewhere on the agenda

25/36 – an update on the Carbon Management Plan was provided as part of the sustainability annual report to Corporation in November.

25/36 – a number of the emerging risks were reviewed and moved into the Strategic Risk Register, for review on the current agenda.

25/36 – the master copy of the report was marked as confidential and an email would be sent to Corporation members to notify them of the confidential classification.

25/37 – an update on implementation of the Apprenticeships internal audit review recommendations was added to the Schedule of Business for the March meeting of the Committee.

25/40 – research into potential benchmarking of the number academic fraud cases had been undertaken but indicated a lack of consistency in provider approach with the only meaningful research dating back to 2007. It was noted that the number of NCD cases would be monitored annually to determine any change.

25/42 – staff training on Fraud Awareness was currently taking place and the slides would be shared with governors.

25/44 – the Regularity Self-Assessment Questionnaire was amended as requested.

25/45 – the action was to arrange the current meeting in person.

25/53 Report from College Risk Management Group (including Action Plan for 2025/26 (Paper B)

Paul Bradley presented Paper B, the report from the Risk Management Group (RMG). Members reviewed the latest risk profile and Paul advised that some areas previously identified as emerging risks had been added to the register in addition to some movement within the risk ratings due to re-scoring.

Part of this item is recorded confidentially under confidential minute 25/53a.

Members asked whether the potential impact of the OBC retention rate on the College's Teaching Excellence Framework (TEF) score should be added to the risk register. Paul confirmed that this was already reflected in the separate risk on HE partnerships and it was

**PB /
PM**

agreed that any mitigation related to this should also be captured. Bob Metcalf advised that a broader paper considering HE partnership risk was currently in development and would be submitted for the Committee's consideration at the next meeting following discussion with the RMG. In response to a member's question, Peter Morrison provided further clarification on the TEF framework and updated on the current consultation in respect of the Gold, Silver and Bronze ratings.

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Paul briefed members on the additional medium risks relating to potential industrial action (pay review), skills bootcamps and UK Shared Prosperity Fund and accommodation pressures. Members queried whether concerns had lessened on capacity since the Corporation Strategy Day following confirmation of the final enrolment numbers. Paul advised that whilst enrolments were below target they were approximately 130 higher than the previous year. More students were using the campus with demographics suggesting further increases in future years, which would continue to put pressure on building capacity. Members highlighted discussions from the recent School SAR validation sessions around capacity issues, including opportunities for alternative approaches including mobile units and also the challenges in capacity for end point assessments (EPA). Paul confirmed that the further development of the Construction Centre for Excellence would provide capacity for EPAs to mitigate against current pressures. It was noted that whilst there were circumstances such as cancellations by external assessment providers that couldn't be foreseen, the College had now sourced a wider supply of assessors to approach in future and this would be supported by having more assessment bays on site.

Members reviewed the emerging risks in the report and requested that the wording was reviewed and updated.

PB

The Chair observed that it was positive that none of the changes to the register were a surprise to the Committee, with accommodation, EPAs, the sports and music building all having been discussed previously. The addition of the governance risk relating to the failures at Weston College was welcomed.

Having reviewed and commented on the Strategic Risk Register, the balance and movement of risks, the emergent risks & opportunities and the discussions at the College RMG on 04 November 2025, members noted the report and the Risk Management Action Plan.

25/54 Final Report – Educational Visits (Paper C1)

Stephen Pringle presented Paper C1, the internal audit review of Educational Visits.

Stephen summarised the purpose and objectives of the review as detailed in the report and advised that the overall conclusion of the

review was a strong level of assurance. There were three low graded recommendations relating to arrangements to log feedback following educational visits, clarification of when the deadline for completion of risk assessments could be waived and ensuring training had been undertaken by staff completing risk assessments as well as training on the roles and responsibilities of staff attending educational visits.

The Chair invited observations on the report from Elaine Bonham, Executive Director, HR and Corporate Services. Elaine advised that the recommendations related to issues that had been identified with actions already in motion. The Educational Visits Policy (EVP) was being reviewed at the time of the audit and the action on training had been incorporated with the updated policy now due for approval.

Members recalled that a whistleblowing report had been received in respect of educational visits and asked for further details. Elaine confirmed that the Health and Safety Executive had made enquiries of the College after receiving a report, and a response had been provided covering the College's policy, training arrangements and risk assessments in respect of educational visits. The HSE had subsequently confirmed that they would not be taking any further action. In response to a further question Elaine confirmed that the internal audit provided assurance on the same areas and it was noted that the concerns previously raised were one of the reasons the area had been included in the audit work programme.

Members asked about progress on the implementation of the recommendation to clarify exceptions to the risk assessment deadline. Elaine confirmed that a revision to the EVP had been made to outline the circumstances where a waiver would be applied and that examples included students attending awards ceremonies or similar events at short notice, or in the case of short-term programmes such as bootcamps which could last just 2 weeks. There was a need to ensure students did not lose out on opportunities for these and similar visits, but it was emphasised that this simply meant shortening the process timeline rather than omitting any essential checks or paperwork.

Members queried the low grade rating in relation to the recommendation on completion of risk assessment training. Elaine confirmed that whilst this had been covered in the updated EVP, there had not been a gap in this training requirement, which was already covered in management training, it was simply that this had now been developed into a specific module.

Members noted the report.

Elaine Bonham left the meeting at 4.41pm.

25/55 Final Report - HE Partnerships – (Paper C2)

Stephen Pringle presented Paper C2, the internal audit review of HE partnerships.

Stephen summarised the purpose and objectives of the review as set out in the report, and advised that the review provided a strong level of assurance with one low grade recommendation relating to establishing a lessons learned log, and three observations.

The Chair invited observations on the report from Peter Morrison, Vice Principal HE. Peter commented that the report provided assurance that the actions of the HE partnerships team to oversee partner provision were working. In respect of the recommendations, lessons were being learned continuously and were reflected in future partnership contracts. Regular updates to governors ensured they were fully informed of performance and developments.

Members highlighted the samples in which issues were raised on partners' assessments of work and asked if these were indicative of a wider issue. Peter advised that these instances were isolated in one area and that internal quality assurance would take place prior to consideration by an external examiner. Whilst there was an element of subjectivity in marking, there would only be a concern if variations were outside of a grade boundary and where there was a sustained issue. Follow up action would be to monitor the member of staff undertaking the marking.

Members commented that it was pleasing to have a very positive strong assurance report in the current context of HE partnerships being subject to significant external scrutiny.

Members noted the report.

Peter Morrison left the meeting at 4.47pm.

25/56 Internal Audit Progress Report (Paper C3)

Stephen Pringle presented Paper C3, the Internal Audit Progress Report. Members noted two audit reviews had been completed to date and reported to the current meeting. The next visit was scheduled for February and reporting into the March meeting and the final visit would be reported to the June meeting.

Stephen confirmed that the work programme was on track and members noted the progress report.

25/57 Review Financial Statements Auditors' Management Letter for 2024/25 (Paper D)

Marc Breeze presented Paper D, the audit findings report for the year ended 31 July 2025.

Marc confirmed that there were no proposed modifications to the audit opinion and that the financial statements presented a true and fair view of the College at 31 July 2025. There were no modifications proposed to the regularity findings and it was confirmed that the College had complied with the College Financial Handbook in all material respects. Marc advised that the outstanding matters listed in the report had now been addressed and there were no expected changes in respect of those items. There had been no changes to the audit approach as detailed in the letter provided to the Committee in June and Marc drew members' attention to the amendments to the materiality figure. Initial materiality was based on the prior year figures and information available at the planning stage, and whilst this had increased on receipt of the final figures, the basis for calculation remained that same, which was 2% of the College's revenue.

Members reviewed the management adjustments, noting all had been identified by management and related to the ILR 13 submission and Marc confirmed there were no adjusted misstatements.

Marc provided an overview of the significant risk areas and advised that some of these were stipulated by auditing standards. It was noted there were no instances of management override of controls, no material misstatements in revenue recognition, no material errors identified in the actuarial calculation of the Local Government Pension Scheme (LGPS), the College was in compliance with regularity requirements, capital expenditure was included in the appropriate accounting period, there were no material misstatements in respect of potential funding refunds relating to Oxford Business College (OBC) and opening balances following the appointment of Azets appeared to be free from material misstatement.

It was noted that having reviewed the budget and forecasting information provided that Azets were in agreement with the College's going concern assessment. In respect of other observations, Marc outlined the treatment of the LGPS in the financial statements as nil on the balance sheet due to it being unlikely that the College would receive any benefit, despite the significant increase in year. Azets had been able to review the assumptions used by the actuaries and concluded that the College's approach was appropriate and consistent with what was being seen elsewhere in the sector.

Angela Ingham summarised the observations relating to two sets of monies paid to the College in respect of NA College and it was noted that one of the sums was likely to be subject to clawback and a decision was still awaited on the other. Bob Metcalf recapped the detail in relation to each project and confirmed that both the Committee and Corporation had been kept up to date on developments. Angela confirmed that the figure was not material

and would have no impact on the current year's accounts or audit opinion. It was noted that a further discussion with the DfE on the issue was scheduled for the following week, after which a further update would be provided and the report amended as required. Members noted the updated position in respect of potential refunds to OBC students, which had been included in the audit planning letter but had not been necessary.

Marc resumed the presentation, confirming no material fraud had been identified or brought to the auditors' attention. All requested third party communications had been provided, subject to a minor administrative error and it was noted that the final letter of representation would include confirmation of opening balances due to Azets being unable to undertake this detailed work in respect of the prior year. Members noted an unadjusted misstatement resulting from R14 however this was under materiality.

Members reviewed the outcome of the auditors' review of internal controls and noted three areas were followed up from the prior year covering outdated Land Registry records, ILR discrepancies and reviewing the fixed asset register, all of which were low risk.

Marc drew members' attention to the section of the report covering independence and ethics and confirmed that whilst there were additional pieces of non-audit work undertaken by Azets, the level of non-audit fees did not infringe on auditor independence. Members noted that in providing a group audit opinion, Azets had undertaken a full scope statutory audit of Westfirst Limited with nothing to bring to the Committee's attention.

Members commended the finance team in light of the very positive audit findings report. Members discussed the requirements of the audit standards in respect of areas of significant risk and the approach to the LGPS in particular. It was highlighted that the factors impacting on the valuation were entirely outside of the College's control and Angela confirmed that the audit procedures involved assessing the assumptions made by the experts and benchmarking to ensure these were in accordance with expectations.

In response to a member's question about being unable to obtain the audit work papers from the previous auditors, it was confirmed that whilst this had been requested there was no requirement to share the working papers. Marc explained that this was not unexpected and that Azets would be likely to take the same position on the basis of legal advice in the same circumstances.

Paul Bradley confirmed that he would be authorised to sign the document on behalf of the College to confirm the findings and members noted the report.

25/58 Draft Annual Accounts for 2024/25 (Paper E)

Bob Metcalf presented Paper E, the draft annual accounts for 2024/25.

Bob reported the budgeted and updated surplus position and advised that whilst Corporation had been briefed on increases throughout the year, there had been further significant movement between the R12 and R13 reporting periods. There were two key areas that had impacted the position, the first being the acceleration of Bootcamp delivery from both combined authorities which significantly increased the level of income. The second area related to HE collaborations, and the move from an initial provision against the risk of refunds in respect of OBC students, to the successful transfer of the majority of learners to CECOS, alongside an increase in continuation and completion rates of their existing students. Bob cautioned that there would be a resulting impact in the Term 1 update, but the changes outlined would not affect the going concern assessment.

Members commented that the rationale for the changes was understood and that members had been briefed throughout the year. The likelihood of funders seeking to claim back funding due to the strong surplus position was queried and Paul Bradley confirmed that this had not been seen to date and that the College's Medium Term Financial Plan ensured that reserves were applied to invest in the student experience and campus facilities. Bob reported that the cash position remained strong and would enable review of the pause on the sports and music building development as well as consideration of the Construction Centre of Excellence Learning Space 2. It was noted that the financial position provided assurance that the College had a strong surplus to fund these projects and stay within the limits of the reserves policy. Bob advised that the financial health rating had been recently confirmed again as outstanding and that the financial position in the report indicated that this would remain.

Members emphasised the need to consider the surplus position in the context of industrial relations. In response to a member's question, Bob provided clarification in relation to deferred income in relation to both capital grant funding and to depreciation of capital assets over time.

Members praised an excellent set of financial results and noted the report.

25/59 Draft Audit and Risk Committee Annual Report for 2024/25 (Paper F)

Allen Eccles presented Paper F, the draft Audit and Risk Committee Annual Report for 2024/25, which summarised the work of the Committee over the year and provided its overall opinion.

Members suggested including a reference to the discussions around the Senior Leadership Team business continuity exercises and it was noted that additional text had been included on the Committee's request to follow up on the findings of the apprenticeship internal audit actions.

Members discussed potential priorities for the year ahead and suggested the Committee keep the following risk areas under review:

- HE franchising strategy and quality of provision
- Apprenticeship funding – follow up recommendations
- Cyber security – focusing on business continuity
- The College's approach to inclusion

It was suggested that these areas should be underpinned by a continuing focus on risk management and opportunities.

Subject to amendments to reflect the Committee's comments, the Committee endorsed the report and opinion for presentation to Corporation.

Stephen Pringle, Angela Ingham and Marc Breeze left the meeting.

25/60 Any other business

Confidential minutes

The confidential minutes of the meeting held on 22 September 2025 were agreed as accurate.

Kathryn McCloghrie left the meeting at 5.40pm.

Matters arising on the confidential minutes:

25/35a – Paul Bradley confirmed that the College had provided an update to the DfE on its position relating to Oxford Business College.

25/41a – the details of the Police Cyber Alarm programme had been shared with the Executive Director of ICT and Corporate Services.

25/47 – the Committee's feedback had been shared with WBG in the quarterly monitoring meeting and then as part of a follow up discussion with the Partner & Head of Internal Audit.

25/61 Date of Next Meeting – 9 March 2025