

The Corporation of New College Durham

**Minutes of the Audit and Risk Committee meeting
held on 15 June 2026
Online via MS Teams**

Present:

Allen Eccles
Kathryn McCloghrie

Chris Patterson
Nigel Harrett

Apologies:

None

In attendance:

Paul Bradley (Chief Finance Officer)
Bob Metcalf (Executive Director of Finance & Corporate Services)
Colleen Peters (Vice Principal, Business Development, Productivity & Apprenticeships)
Adele Dowson (Vice Principal, Curriculum)
Rob Grainey (Vice Principal, Curriculum)
Tracey Todd (Head of Foundation Studies, Vocational Steps and Personal Development)
Stephen Pringle - WBG (Internal Audit Service)
Angela Ingham – Azets (External Audit Service)
Marc Breeze – Azets (External Audit Service)
Caroline Winter (Head of Governance & Corporation Secretary)
Chloe Freeman (Governance Support Officer)

Action

26/16 Chair's introduction and starred items

The Chair welcomed everyone to the meeting and reminded members to declare their interests in any item of business to be discussed at the meeting. No interests were declared.

26/17 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 short discussion took place on the potential implications of the new iteration of the Statement of Recommended Practice (FRS 102) relating to accounting for Further and Higher Education, which would take effect next year.

Paul Bradley, Bob Metcalf, Colleen Peters, Adele Dowson, Rob Grainey and Tracey Todd joined the meeting at 4.05pm.

26/18 Apologies for absence – none were received.

26/19 Minutes of previous meeting (Paper A1)

The minutes of the meeting held on 9 March 2026 were agreed as an accurate record. It was noted that the accuracy of the confidential minutes would be considered at the end of the agenda.

26/20 Matters arising not appearing elsewhere on the agenda

26/09 – the committee's recognition and thanks for the excellent outcome of the DfE Funding Assurance Review had been passed on to the staff involved.

26/12 – a written update on the Apprenticeships internal audit review and the follow up audit were both on the current meeting agenda.

Confidential minutes:

26/08a – HE franchising was included as a key area for discussion in the Strategy Day in April.

26/21 Report from College Risk Management Group (Paper B)

Paul Bradley presented Paper B, the report from the Risk Management Group (RMG). Paul summarised the updated risk profile and highlighted the reduction of the risk associated with external agency from high to medium and the removal of the risk related to Academy Sponsorship following the College's withdrawal as sponsor. Members reviewed the high risks and emerging issues as detailed in the report and Paul updated on the RMG discussions in reviewing and developing the Strategic Risk Register, which would be considered later on the agenda.

Members asked if the reduced risk relating to external agency staffing would be long or short term, noting the likelihood of student numbers rising again in September. Paul explained staffing and capacity were reviewed each term and any higher than expected increase would be reflected. It was also noted that any potential areas of staff under-utilisation would be considered as part of curriculum planning.

In response to a member's question Paul confirmed that fraud coverage included student grants and loans. Members discussed a range of aspects of business continuity including energy resilience in the current global context and highlighted welfare implications in the event of students being sent home. In response to a member's question about finance system business continuity, Paul confirmed that the current system remained in place while training was progressed on the new system, and that whilst that there was no ideal time for implementation, discussions were continuing to confirm the timetable. Members asked that the HE partnerships risk explicitly referenced the concentration risk of the College working with only one partner.

PB

Members:

- **reviewed the Strategic Risk Register, commented on the balance of risks and noted recent risk movements.**
- **reviewed and commented on the emerging risks and opportunities.**

- **noted the discussions and actions arising from the College Risk Management Group meeting held on 05 June 2026.**

26/22 Risk Management Strategy 2026 to 2031 (Paper C1)

Paul Bradley presented Paper C1, the proposed Risk Management Strategy 2026 to 2029.

Paul explained that the document replaced the existing Risk Management Statement and Strategy to provide a modern framework for managing strategic, operational and emerging risks. Members noted that the key drivers of the approach were the recent external governance review, current sector developments in risk management practice and the increasing expectations of regulators, funders and the Department for Education. Paul summarised the key enhancements of the framework including the introduction of a formal Risk Appetite Framework, the concepts of risk capacity and risk tolerance, Bow Tie Risk Analysis, Critical Control Management and Assurance Mapping. It was noted that whilst this established a more sophisticated framework, it remained proportionate to the size and complexity of the College. Implementation would be effective from the start of the new academic year to enable completion of staff training.

The Chair thanked Paul and his team for the work in developing the framework. Members welcomed its pragmatism and practicability given the importance of ensuring a robust framework but one that worked for the College.

Members discussed the development of the risk appetite framework and asked how scoring had been determined. Paul explained that given the public sector context, risk appetite was generally low, with some areas potentially set at zero tolerance and that the proposed ratings were supported by expert input through the RMG. Members expressed concern that a zero-risk appetite could unintentionally constrain innovation or act as a veto on change, with suggestions that clearer terminology (e.g. averse, hungry) and stronger contextual definitions available in public sector risk guidance may be helpful. Paul confirmed the importance of ensuring the strategic risk register reflected an appropriate balance without stifling innovation. It was recognised that context was critical when setting risk appetite and that the framework would be reviewed annually. Members suggested that some further definition may assist to frame the individual risk levels.

Members commented that the framework would provide a strong basis to frame decision-making and that the concepts of moderate and high risk appetite would encourage and support innovation. Members sought an internal auditor perspective and Stephen Pringle confirmed his support for the approach as broadly consistent with common practice. Stephen further advised that the

framework should not be overcomplicated and that zero appetite was appropriate in some high-risk areas such as safeguarding and fraud. Members suggested that the stability of risk appetite, and the extent to which it may fluctuate, could also be considered.

The Chair summarised that the recommendations were broadly supported, subject to further management consideration of how best to incorporate the suggested refinements.

PB

The Committee agreed to:

- **scrutinise and challenge the proposed Risk Management Strategy 2026 to 2029.**
- **endorse the proposed Risk Management Strategy 2026 to 2029.**
- **recommend the Strategy to Corporation for formal approval.**

26/23 Strategic Risk Register Review and Proposed Redesign (Paper C2)

Paul Bradley presented Paper C2, which detailed the outcome of a review of the College's Strategic Risk Register and explained this work was the practical next step following the strategy discussion.

Paul outlined the context for the review including the recent external governance review, the development of the revised College risk management framework and increasing complexity of the existing strategic risk register. Members noted that the revised approach identified a smaller number of strategically significant risks with the potential to affect key areas of activity as well as the College's overarching strategic objectives. Paul explained the move towards a Principal Strategic Risk model aligned to the revised Risk Management Strategy, with a focus on a smaller number of strategically significant risks aligned to Corporation committees. Thematic and management-level risk registers would provide visibility of risks not designated as Principal Strategic Risks. Paul advised that the next stage of activity would be to map risks into the new framework, with a further update to be brought to a future meeting before seeking Corporation approval.

Members emphasised the importance of ensuring the Committee did not lose sight of wider management and operational risks, noting that a "top 10" approach did not mean other risks were not significant. Members commented that the approach appeared sensible however, and that the Corporation would be likely to welcome a more focused list of strategic risks.

The Committee:

- **discussed and provided feedback on the proposed redesign of the Strategic Risk Register.**
- **endorsed the proposed move towards a Principal Strategic Risk model aligned to the revised Risk Management Strategy.**

- supported the development and implementation of a revised Principal Strategic Risk Register and associated committee assurance framework.

26/24 Final Report – 16 to 19 Provision – Work Placements (Paper D1)

Stephen Pringle presented Paper D1, the internal audit review of 16 to 19 Provision Work Placements.

Stephen advised that the purpose was to provide independent assurance on controls and arrangements relating to the delivery of work placements as part of 16-19 study programmes. The review considered evidence held on College information systems, procedures for monitoring, evidencing, collating and retaining records, and whether delivery was in line with DfE requirements. The audit had received an overall substantial assurance rating with one medium recommendation relating to inconsistent recording of activity in Pro Monitor, and two low priority recommendations.

The Chair invited observations on the report from Rob Grainey, Vice Principal Curriculum and Tracey Todd, Head of Foundation Studies, Vocational Steps and Personal Development. Rob noted the substantial assurance rating and confirmed that a number of the issues identified were already known and that proposed solutions in response to the recommendations were being taken forward and were relatively straightforward. In response to a member's question on whether the issue with Pro Monitor related to the system itself or its use, Tracey explained that the main issue was accessibility due to the limitations of the system. Many students were unable to use the system off-site during block placements, preventing them from uploading and logging evidence. Members emphasised the importance of learners being able to update systems contemporaneously and Rob confirmed that other systems were being reviewed that may help address the issue.

Members commented that the review may have benefitted from a broader consideration of quality of provision and learning experience as well as financial drivers.

The Chair thanked Rob and Tracey and all involved in the review.

Tracey Todd and Rob Grainey left the meeting at 4.55pm.

26/25 Final Report – Compliance with the College Financial Handbook (Paper D2)

Stephen Pringle presented Paper D2, the internal audit review of compliance with the College Financial Handbook.

Stephen confirmed the review provided a strong level of assurance with no recommendations. The Chair invited observations from Bob Metcalf, Executive Director Finance and Corporate Services.

Bob welcomed the review outcome advising that the audit had been a thorough review following a significant amount of time spent in ensuring compliance with the handbook, which had also been evidenced in other external audits.

Members commended the report and thanked all involved.

26/26 Final Report – Follow up review (Paper D3)

Stephen Pringle presented Paper D3, the review of follow up actions from previous internal audit reviews.

Stephen confirmed that the review produced a very good report confirming that 16 out of 17 recommendations had been implemented to date. Stephen stressed that the Committee should take strong assurance from that fact that issues raised in reviews were being addressed, which was very pleasing and not always the case in other organisations.

The Chair thanked Stephen and members noted the report.

26/27 Internal Audit Annual Report 2025/26 (Paper D4)

Stephen Pringle presented Paper D4, the draft Internal Audit Plan for 2026/27.

Stephen advised that new Global Internal Audit Standards came into effect at the start of the previous year and that WBG carried out an external review every two years. No formal recommendations had been made to enhance the Internal Audit function as part of that review, and quality remained in line with the global standards.

Members noted a questionnaire had been issued to all clients and committee chairs, receiving over 100 responses, with an average score of 9.1/10, indicating very positive feedback. Audit files were also confirmed to be of a high standard. There had been fewer recommendations arising from reviews this year and whilst comparable benchmarking data was not always available due to the nature of the work being unique to New College Durham, performance remained strong where comparison could be made. There were no concerns regarding KPI performance.

The Chair emphasised the significance of the Internal Audit opinion as a core component of the Committee's annual report to the Corporation.

Members agreed to note the content of the report and the overall opinion and to recommend the Internal Audit Annual report 2025/26 to Corporation.

26/28 Internal Audit Plan 2026/27 (Paper D5)

Stephen Pringle presented the draft Internal Audit (IA) Plan for 2026/27, reminding members that the 3-year strategic plan was revisited each year in the context of risk and sector developments, discussions during the year and a meeting with the Chief Finance Officer to draw together early proposals. Members reviewed the plan noting the proposed areas for review in 2026/27, the proposed timetable, key performance indicators and potential training topics.

In response to a member's question about the approach to arrive at the proposed list, Paul explained that audit topics tied into the risk register and were identified through a gap analysis, taking account of when areas were last reviewed, with a cyclical approach to key risks such as safeguarding, workforce and funding. Cyber security had not been reviewed in the previous year and the Adult Skills Funding focus was the next logical funding area for consideration following other elements already considered. Members suggested future plans could more explicitly map audits to the Principal Strategic Risks.

Members discussed the workforce review scope and emphasised the importance of ensuring clarity in how broadly workforce was defined. It was confirmed that the review would focus on permanent staff but that this should provide assurance on overall workforce management. In response to a member's question about benchmarking in curriculum planning, it was noted that this could be undertaken with confidence in light of other FE college clients. In response to a member's question about specialist expertise in cyber security, Stephen confirmed that WBG had a dedicated team of cyber auditors.

Members commented that audit Terms of Reference could be quite fluid and asked if these could be shared. Members observed that the proposed audit areas generally appeared appropriate and risk-informed. In response to a question about the 'areas for consideration' in the plan, Stephen explained that they were a combination of areas not reviewed for several years, areas where there was confidence they did not require early review and also forward-looking priorities, which could provide a starting point for consideration in 2027/28.

**PB /
SP**

Members asked whether artificial intelligence could be considered in future audit planning to provide assurance this was being managed effectively. It was noted that as AI was a key area already reflected in the risk framework, this would be incorporated into future audit planning.

Subject to taking into account the detailed comments from discussion, members agreed to recommend the Operational Plan for 2026/27 to Corporation for approval.

26/29 Apprenticeships Internal Audit Review – update on implementation of recommendations (Paper E)

Colleen Peters presented Paper E, which updated on progress against the recommendations in the internal audit of apprenticeships.

Colleen confirmed that since the audit a significant cross-college programme of work had strengthened controls and improved compliance, particularly with DfE (formally ESFA) funding rules. All 13 recommendations had been fully implemented, including two high-risk actions relating to off-the-job (OTJ) training, where duplicate and unsupported records had been addressed and monthly quality assurance checks introduced. Further improvements were reported in ILR and EPA cost management, and in English and Maths, where attendance validation checks were now completed prior to funding claims. Colleen updated that the introduction of a new online application management system from September 2026 would reduce reliance on manual intervention and provide a further enhancement to controls. Overall, members noted that the College was now in a stronger position with improved controls supporting funding compliance, strengthening assurance and reducing financial and reputational risk.

Members welcomed the progress, noting the significant but worthwhile work undertaken and the improved position achieved. Members thanked Colleen and her team for taking the recommendations forward.

The Committee:

- **Noted the progress made in addressing the audit recommendations;**
- **Scrutinised the effectiveness of the strengthened control environment;**
- **Confirmed the report provided adequate assurance regarding apprenticeship funding compliance and associated risk management.**

Colleen Peters left the meeting at 5.27pm.

26/30 External Audit Plan 2026/27 (for 2025/26 financial year) (Paper F)

Marc Breeze presented Paper F, the External Audit Plan.

Marc outlined the key areas of audit focus and significant risks, including management override of controls, fraud in revenue recognition, LGPS valuation assumptions, regulatory and propriety compliance with the College Financial Handbook, and capital expenditure reporting including review of projects included and excluded and the position at 31 July. Marc confirmed that no

issues had currently been identified from work undertaken with the College, but that these areas were routinely included in all audits.

Marc confirmed Azets was engaged to provide a statutory audit opinion and highlighted that other services listed in the plan were considered to remain independent of the audit engagement. Members noted the approach to materiality, including a lower “trivial” threshold applied for reporting purposes, whereby matters below materiality may still be brought to the Committee’s attention where relevant. Marc advised that materiality was primarily used to guide audit sampling and testing rather than solely determining reporting of issues. Marc updated on forthcoming changes to accounting standards, particularly FRS 102, and wider changes to financial reporting and the sector regulatory handbooks, noting that further detail would be shared as guidance was issued by the DfE.

In response to a question on whether the audit team would take assurance from the IA work on compliance with the College Financial Handbook when forming their opinion, Marc advised that while IA work was not relied upon directly, it was considered from a risk perspective. Where IA indicated significant concerns, this would increase audit risk and result in additional testing and sample checking where appropriate.

In response to a member’s question, Marc clarified that materiality was used primarily to guide sampling and audit testing rather than to report individual matters. Any reporting would be expected to be in terms of control weaknesses.

The Committee noted the External Audit Plan.

26/31 Provisional Schedule of Business for 2026/27 (Paper G)

Members reviewed and endorsed Paper G, the Committee’s provisional Schedule of Business for 2026/27, subject to moving the review of the External Auditor Performance to the March meeting.

26/32 Any other business - none

26/33 Date of Next Meeting – TBC

Stephen Pringle, Angela Ingham and Marc Breeze left the meeting at 5.43pm.

26/34 Review of Internal Auditor Performance 2025/26 (Paper H)

This item is recorded confidentially under confidential minute 26/34a.

26/35 Review of External Auditor Performance 2025/26 (Paper I)

This item is recorded confidentially under confidential minute 26/35a.

Bob Metcalf and Adele Dowson left the meeting at 5.57pm.

26/36 Annual review of Committee's effectiveness and working practices

The Chair introduced the annual review of Committee effectiveness discussion, explaining the process for the benefit of newer members of the Committee. Members were asked to complete a questionnaire in advance of the meeting. In addition to reviewing the summary of responses the following areas were discussed:

- The Committee had maintained a strong focus on risk and made good progress in understanding the new and evolving risk framework. The importance of allowing the new framework to bed in while focusing on key risks was emphasised.
- There was a need for clarity on oversight and coordination if Principal Strategic Risks were allocated across different committees.
- The Committee was working well from a management perspective.
- In response to a request for further actions management could take to support the Committee, members distinguished between compliance-based audit (process and controls) and assurance around quality and improvement, suggesting any further enhancements should focus on assurance.
- It was emphasised that audit should add value, focusing on improvement as well as findings, linking to the earlier discussion on internal audit. The links to risk appetite in this context were also noted.
- It was noted that audit should not be viewed as a pass or fail exercise, but rather as an opinion.

26/37 Confidential minutes of previous meeting (Paper A2)

The confidential minutes of the meeting held on 9 March 2026 were agreed as an accurate record.