

Minutes of a Joint Meeting of the AUDIT & RISK COMMITTEE and FINANCE AND RESOURCES COMMITTEE held on Wednesday 26th November 2025, 4.00pm -6.15pm Online Via Teams

68/25 APOLOGIES AND WELCOME

Apologies were received from Mr Stephen Brooks, Mr Chris Cook (RSM UK Audit LLP), Mr Paul Goddard (Scrutton Bland), and Mrs Ros Parker. The Chair welcomed Members' to the joint meeting.

69/25 DISCUSSION WITH AUDITORS (WITHOUT MANAGEMENT PRESENT)

This was not required.

70/25 DECLARATIONS OF INTEREST

There were no declarations of interest.

71/25 APPROVAL OF THE NON-CONFIDENTIAL MINUTES OF THE MEETING HELD 8 OCTOBER 2025

The non-confidential minutes of the meeting held 8 October 2025 were APPROVED as a true record.

72/25 MATTERS ARISING FROM THE MEETING OF 8 OCTOBER 2025

The Director of Governance reported on Matters Arising. There were no questions.

The Committee were ASSURED on Monitoring of actions and Matters Arising to November 2025.

With the permission of the Chair the agenda was taken out of order.

73/25 AUDIT & RISK COMMITTEE ANNUAL REPORT

The Director of Governance presented the Annual Report of the Audit & Risk Committee for the period 1 August 2024 to 31 July 2025. She explained that this was the Committee's own report of its activity and had been reviewed by the Chair, and current and former Vice Chair. In compliance with regulations the report required review and approval prior to the approval of the Annual Financial Statements.

The Chair noted that Committee attendance at 78% was below the target attendance of 90%. She also noted the need to recruit Co-opted Members to vacancies.

The Committee APPROVED the Annual Report of the Audit & Risk Committee.

The agenda returned to order.

74/25 ANNUAL GENDER PAY GAP REPORT

The Head of HR (Human Resources, People & Culture) joined the meeting and presented the Annual Gender Pay Gap Report for 2024-25. She outlined that the report provides detailed information on the average earning differences between male and female employees, workforce gender distribution, and initiatives for promoting equality. As a public sector organisation with over 250 employees, the Isle of Wight College is required to report its gender pay gap under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. She

reported that there were 337 employees of whom 68.84% are female. This was a reduction of 1.16% on the previous year. The College continued to demonstrate strong gender diversity, with women representing the majority in all four pay quartiles, she reported. Compared with previous years there was a slight decrease of female representation in the upper quartile, and a slight increase in the lower quartile, the upper middle remained stable, and the lower middle decreased. She reported that there had been more male staff appointed in technician roles than previously which accounted for the change in the latter category. She reported that for every £1 males earned, females earned 96.5 pence. This was an increase of 2.5 pence from the previous year. The College's median pay was at the higher end of the FE (Further Education) sector, where most colleges report between 11% and 23% for 2024. The College's median pay gap of 22.92% was attributed to the large numbers of females employed in the lower quartiles. The Head of HR (People & Culture) reported that this was due to the Island's unique employment market where opportunities for main carers to work flexibly around caring responsibilities outside of the education sector were limited. She reported that the College aimed to continually review recruitment activities, career progression opportunities, and pay structures to further reduce gender pay differentials.

A Member thanked the Head of HR (People & Culture) for her report. She commented that it was important not to make assumptions about why the numbers were as reported and asked whether there was any evidence for the conclusions. The Interim Director of Finance responded that the large numbers of fractional staff impacted the data and reduced how meaningful the data was. The Chief Operating Officer and Deputy CEO reported that the College offered family friendly working conditions and that there were a significant number of flexible working requests of which the majority were approved to accommodate caring responsibilities. She agreed that in future this point should be more explicitly represented so that the report does not appear to make claims without evidence.

A Member enquired to what extent AI (artificial intelligence) tools would change the picture in the next three years. The Head of HR (People & Culture) responded that she would be cautious answering the question without a full analysis. However, she commented that if students still required Learning Support Assistants (LSAs), the data would remain the same in this respect through there may be changes in other quartiles. She concluded that whether AI technology supported the development of roles in the upper quartiles and whether this reduced or attracted males into FE was an open question.

The Committee RECOMMENDED the Annual Gender Pay Gap Report for APPROVAL by Corporation.

75/25 ANNUAL REPORT: CREDIT CAR USAGE, EXPENSES, FOREIGN TRAVEL, AND PAYMENTS OVER £50K

The Interim Director of Finance presented the Annual Report to Governors on Credit Card usage, Governor expenses and Foreign Travel. He highlighted all items above £50k. These related to subcontractor payments, capital projects, payments to partner colleges where the College had received money on their behalf, software licenses and computer hardware, insurance, examinations fees, and energy. All international expenses related to the Turing Scheme, a scheme for students to undertake international learning experiences. Some staff members had travelled in support of this scheme. There was no other international travel, he reported. Expenditure on credit cards was outlined. These were used where orders could not be placed. All credit card statements were reviewed by the Chief Operating Officer and Deputy CEO. In the case of the College credit card in the Chief Operating Officer and Deputy CEO's name, all orders were placed by the Finance department. Governor expenses for 2024-25 totalled £396.77.

The Chair of Finance & Resources Committee recognised that the report was a function to provide assurance but she argued that where items over £50k were procured correctly she felt this would be better reported in an exception report in the case of anomalies. The Interim Director of Finance responded that the Financial Regulations stated that all items over £100k were to be reported to Governors, he had included items over £50k in this report for Governors to identify any aggregation.

The Chair recognised the differing view but drew attention to the case of Weston College and considered that this report enabled scrutiny of expenditure. The Interim Director of Finance provided the background to this reporting as ensuring good practice in the sector and avoiding abuses. It also enables Members to ask questions of spending and procurement. Another Member commented that he did not feel the report enabled judgment on these matters. The Interim Director of Finance responded that there was internal review, and that the College systems were set up so that procurement was recorded in financial systems attached to a number.

The Chair concluded that this reporting practice permeated the public sector and that there would be a negative impact if the College were not doing this reporting and there was an anomaly, but she welcomed the contrary views expressed by Members.

The Committee RECOMMENDED the Annual Report on Credit Card usage, Expenses, Foreign Travel, and Payments above £50k for APPROVAL by Corporation.

At the direction of the Chair the agenda was taken out of order.

76/25 FINANCIAL STATEMENTS MANAGEMENT LETTER AND AUDIT FINDINGS REPORT

Ms Frances Millar, RSM Audit UK LLP, introduced the Management Letter and Audit Findings Report. She confirmed the status of work with some loose ends on file being tidied up that week. There were a number of unadjusted misstatements noted but these would not lead to a change in the financial statements as they remained within the materiality threshold, she reported.

Ms Millar outlined key risks identified in the Audit Plan. These were management override of controls; income recognition (apprenticeships and Adult Education Budget (AEB)); income recognition (16-19 income); income recognition (other); defined benefit pension scheme; going concern; and regularity (reclassification to the public sector). For each of these areas findings were outlined in her report. The auditors had not identified indicators of management bias or management override of internal controls. The auditors concluded that there was no indication of material fraud or error in the apprenticeship or AEB funding income, 16-19 funding income, and non-DfE (Department for Education) grant income recognised by the College. The auditors had considered responses to the regularity questionnaire and there were no matters to bring to Governors attention. No issues were identified with operating and capital expenditure, Governor and key management personnel expenses, or special severance payments. The delivery of franchise partners had been reviewed and there was no evidence of material misstatement in the partnership costs and appropriate accruals were made. The going concern risk for the College was considered to be reduced on the basis of strong cash balances held, and strong student numbers. Cash flow forecasts and forecast performance against the covenants had been reviewed and were considered reasonable and there was sufficient headroom. She drew attention to going concern basis in respect of accounting for Delamite Ltd. She noted that exploring the possibility of transferring the property held by Delamite Ltd was at an exploratory stage and that therefore the accounts were presented on a going concern basis. She reported that she had sought additional representation in this regard. She outlined testing methods for reaching audit findings including scrutinising journal entries, using data analytics software, employing a funding specialist to assess ILR (individual learner record) data. There were some minor issues in relation to apprenticeships with trivial amounts of funding potentially at risk but if extrapolated they would not be material to the financial statements. The pension scheme remained in a surplus position and she was satisfied that assumptions were inline with sector norms and were reasonable. Summaries of unadjusted and adjusted misstatements were provided.

The Chair asked whether there were any lessons to be learned from the unadjusted misstatements and whether there was confidence that the process was working as it should be. The Chief Operating Officer and Deputy CEO responded that the administration regarding apprenticeships was complex and continually changing. She reported that the College was continually seeking to improve processes, and that routine checks

and audits provided increased confidence than had been the case a few years ago. She was confident on the positive trajectory that the College was on with ILR paperwork. She concluded that there was always room for improvement but that the College had improved in this area over time.

There was some discussion as to whether recommendations from the Audit Findings report should be monitored and reported separately to the Audit Issues Log. The Chair of the Finance & Resources Committee reported that this was the practice in the college where she was employed. She agreed with the Chief Operating Officer and Deputy CEO that apprenticeship paperwork was complex. The Chair concluded that as management responses were provided in the report no further reporting was required.

The Committee NOTED the Financial Statements Management Letter and Audit Findings Report for ASSURANCE to Corporation and ALERTED Corporation to recommendations by the external auditors and unadjusted misstatements.

77/25 FINANCIAL STATEMENTS LETTER OF REPRESENTATION AND REGULARITY LETTER

The Committee NOTED the Letter of Representation and Regularity Letter for ASSURANCE to the Corporation and RECOMMENDED them for APPROVAL by Corporation.

78/25 LETTER OF SUPPORT AND LETTER OF REPRESENTATION - DELAMITE LTD

A Co-opted Member enquired whether there was confidence that exploratory work regarding Delamite Ltd would be resolved soon. The Interim Director of Finance responded that RSM UK Audit were moving the matter forward. He outlined exploration regarding the expired lease, returns interest, and the potential for the College to buy back the building for the same amount as the loan with depreciation wiped out and the opt to tax removed and moved into VAT (value added tax). He confirmed that Delamite Ltd was a going concern. It was recognised that due to the forthcoming change in Principal, there was some degree of urgency regarding the exploratory work.

The Committee NOTED the Letter of Support and Letter of Representation for ASSURANCE to the Corporation and RECOMMENDED them for APPROVAL by Corporation.

79/25 DRAFT FINANCIAL STATEMENTS 2024-25

The Interim Director of Finance presented the Draft Financial Statements for the Isle of Wight College to 31 July 2025. He reported that there were no changes to the draft results submitted to the Board previously and there were no significant audit adjustments. Adjustments made were classification differences and were not material.

The Chair of Corporation reported that her name was spelt incorrectly on page 30 of the report. The Interim Director of Finance would correct this.

The Committee RECOMMENDED the Draft Financial Statements for the Isle of Wight College to 31 July 2025 for APPROVAL by Corporation subject to the amendment noted above.

The agenda returned to order.

80/25 REGULARITY SAQ

The Interim Director of Finance presented the Regularity SAQ (Self-Assessment Questionnaire). He reported that this questionnaire was provided annually by the DfE with any updates necessary. He confirmed that this year's questionnaire was similar to the previous year. He highlighted risks for the sector identified in the FE Commissioner's Report on Weston College. He provided assurance that at this College senior staff were paid through the payroll and there were no bonuses.

The Chair enquired who had prepared the Regularity SAQ. The Interim Director of Finance responded that he had prepared it with support from the Director of Governance. The Chair noted that the formatting rendered the report difficult to read with some responses out of alignment with the question. The Interim Director of Finance responded that he would look at this and improve the formatting.

The Committee NOTED the Regularity SAQ for ASSURANCE to the Corporation and RECOMMENDED it for APPROVAL by Corporation subject to amendment of formatting.

81/25 DFE FINANCE RECORD

The Interim Director of Finance presented the DfE Finance Record. He explained that this must be completed annually and submitted with the audited financial statements by 31 December 2025. The information was used to provide benchmarks for the sector. The key point was to ensure the Corporation was happy for the Financial Statements to be turned into the Finance Record and be used for the Governors Dashboard. He reported that the sector was deteriorating year on year but that the College had done well.

The Chair of Corporation commented that there had been conversations regarding the College's financial health and whether it was best to be Good rather than Outstanding. The Chair of the Finance & Resources Committee observed that as there were no grant applications pending, an Outstanding Financial Health was acceptable. The Interim Director of Finance commented that small numbers could make a big difference and it was important to bear in mind discussions in relation to staff pay awards. There would be a paper on this at the next Corporation meeting, he confirmed.

The Committee RECOMMENDED the use of the Financial Statements to produce the DfE Finance Record for APPROVAL by Corporation.

82/25 STATEMENT OF INTERNAL CONTROL AND CORPORATE GOVERNANCE

The Interim Director of Finance presented the Statement of Internal Control and Corporate Governance. He explained that as part of the preparation of the Financial Statements, the Corporation must satisfy itself that there was an adequate system of internal controls over the period to prepare the Financial Statements and to ensure the regular use of funds. He reported that the checklist supplied provided the evidence base for the statement by the Principal on the system of internal financial control.

The Chair commented that changes had not been highlighted as stated in the report. The Interim Director of Finance spoke to the changes which he said were not significant and concerned budget holder system improvements, increased review of budgets by managers and more advanced and planned spending.

A Member suggested a small section highlighting actions. The Interim Director of Finance responded that actions were historic and there were no actions required.

The Committee NOTED the Statement of Internal Control and Corporate Governance for ASSURANCE to the Corporation and RECOMMENDED it for APPROVAL by Corporation.

83/25 DELAMITE LIMITED – DRAFT FINANCIAL STATEMENTS

The Interim Director of Finance presented the Draft Financial Statements for Delamite Ltd to 31 July 2025. He reported that there were no changes and that they were consistent with previous accounts.

The Committee RECOMMENDED the Draft Financial Statements for Delamite Ltd to 31 July 2025 for APPROVAL by Corporation.

84/25 FEEDBACK FROM AOC NETWORK MEETING

There was nothing to report.

85/25 DRAFT 3AS REPORT TO DECEMBER CORPORATION

The Director of Governance explained that this would form the Committee's report to Corporation of those items that the Committee wished to alert Corporation to, assure Corporation on, and recommend for approval or action. The report would be drafted in consultation with the Chair and SLT (senior leadership team) lead and circulated to Members for comment and approval prior to inclusion in the board pack.

86/25 ANY OTHER BUSINESS

The Chair reported that she had not been notified of any other business but said that she would like to take the opportunity to enquire regarding progress in recruiting a permanent Director of Finance. The Chief Operating Officer and Deputy CEO confirmed that the role was currently being advertised with a closing date of 30 November 2025 but that there had been no interest to date. She had used the opportunity of the AoC (Association of Colleges) Conference earlier this month to raise with colleagues and recruitment consultants in the sector and it was recognised that recruitment was challenging especially in the Island context. She recognised that the College needed to move to a permanent solution but reported that the Interim Director of Finance was happy to support the transition. The Interim Director of Finance commented that the College was in a good place to recruit in terms of controls and the size of the College.

The Chair of the Finance & Resources Committee suggested that if the current recruitment was unsuccessful there would need to be further work with recruitment consultants across the country. She added that she was interviewing for a role in her own college soon and would be happy to refer any potentially suitable candidates who were not appointed.

The Chair recognised that recruitment was not easy at present.

87/25 SELF-REVIEW OF MEETING

The Chair led Members in a self-review of the meeting. It was felt that the Committee had contributed strategically by ensuring good financial oversight. A Co-opted Member commended the meeting as being well chaired and praised the senior leadership for the strong financial results achieved. The Chair of Corporation commended finances as well-controlled and thanked staff for their hard work. The Chair commented that the meeting was well supported by the Director of Governance, Chief Operating Officer and Deputy CEO, and the Interim Director of Finance.

88/25 DATE OF NEXT MEETING

25th February 2026