



# PLUMPTON COLLEGE

## Annual Report of the Audit Committee 23/24

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Date: November 2024

Approved by: Corporation

Date approved: 17<sup>th</sup> December 2024

### Introduction

Under the ESFA's post – 16 Audit Code of Practice, Audit Committees are required to produce an annual report for their Corporations summarising the Committees activities during the year, including:

- a summary of the work undertaken by the Committee during the year;
- any significant issues arising up to the date of preparation of the report;
- any significant matters of internal control included in the reports of audit and assurance providers;
- the Committee's view of its own effectiveness and how it has fulfilled its terms of reference;
- the Committee's opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management, and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

A copy of the Audit Committee's report must be sent to the ESFA. This report follows the structure set out above.

### Summary of Work Undertaken August 2023 – July 2024

The Committee met 4 times during the year (2022/23: 5 times), making use of both face to face and online options to allow flexibility and promote the most inclusive opportunity to all members.

## Member Attendance

The audit committee met five times in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Scott O'Brien	4/4
Tamara Roberts	4/4
Doug Jackson	1/4
Shawn Town	1/1
Tim Laker	0/4
John Moore-Bick	0/1
Mark Filsell (Co-opted Member)	1/2

The Committee monitored, and tracked the follow-up of, assurance work conducted by the internal auditors and other independent reviewers, together with internal assurance reviews conducted by management (see Appendix 1). The Committee noted that assurance activity takes place beyond the confines of the formal audit and assurance programme, and has sought to review additional sources of evidence to supplement the formal programme.

The Committee also agreed and regularly reviewed a forward audit and assurance programme based on evolving judgements about the key areas of risk. In particular, the Committee has sought to understand cashflow and other risks continuing to arise from reclassification of colleges as public bodies as guidance and constraints as they arose through the year.

The formal audit and assurance programme (also summarised at Appendix 1) extends over the following year and beyond. The Committee and College remained willing to flex the approach taking into account emerging risks, parallel or equivalent assurance activity and emerging themes and issues. Audit activity covers not only financial controls but also controls over academic quality, procurement, IT data security, safeguarding and health and safety.

External auditors continue to be available to the Audit Committee Chair and relevant executives, to inform the external audit plan. The Committee reviews the auditor's reports on regularity and the financial statements, and the responses to the management letter. The Committee has also sought to engage with External Auditors as matters of control and financial reporting requirements have emerged through the year.

## Any Significant Issues Arising

There are no significant issues to report.

No instances of financial fraud were identified. The college's whistle-blowing process was not used in this financial year.

## Any Significant Matters of internal Control included in Reports of Audit and Assurance Providers

### Finance

The Committee noted the change of Finance Director in the course of the year, recognising the performance and impact of both individuals in the close control and management of the College in uncertain funding, control and political circumstances.

Reclassification and its impacts continued to be a major element in determining and managing the financial health of the college. While the Colleges Handbook (DfE) was published in the course of the year, the consequential impacts of the change in approach to managing what is now public money, including in navigating newly minted technical accounting guidance, has proved challenging in evaluating the real-world health of the college's finances and the presentation of the financial performance set out in the accounts. A move towards a "no surprises" approach, underpinned by a proactive, collaborative audit partner relationship remains key for the future.

As in previous years, the uncertainty caused by continuing change was actively managed by the college's leadership. Unlike in previous years, the college has been less able to rely on reserves to underpin its overall liquidity.

Despite this, the executive has responded strongly, both in terms of exercising its influence with DfE in seeking assurances and in pragmatically managing its budgets to respond to potential funding shortfalls. The latter demonstrated the benefit of prudent budget management in previous years, establishing reserves which have so far allowed the College to ride out this unforeseen challenge.

Under the EFSA grading criteria, the College's financial health ended 2022/23 as Requires Improvement, as a direct result of the continuing impact of ONS reclassification and the evolving requirements of central government guidance. This had a negative impact on the College's liquidity and cash position, although plans were developed to address that challenge.

Beyond this, the internal audit and other assurance reports received during the year raised no significant internal control issues. The Committee retains a watching brief on the performance of One Garden Brighton, both as a trading subsidiary and significant educational resource for the college.

### Academic Quality, Safeguarding and Administration

The latest Ofsted full inspection (March 2024) rated the College as Good, with significant examples of outstanding effectiveness. Other audit and assurance activity continues to present a good picture of the College's overall control environment and performance against expected standards across financial, academic and safeguarding areas, and in terms of the general administration of the college.

## The Audit Committee's Effectiveness

The terms of reference of the Audit Committee closely follow the ESFA's Audit Code of Practice. The Committee benefits from a broad range of skills and experience, including accounting qualifications, finance, risk and assurance experience in both the public and private sectors, commercial viewpoints and longstanding involvement in the governance of further education settings. Through the year, the membership has been refreshed to ensure both capacity and capability are maintained.

Beyond the independent membership, the Principal, Finance Director and members of the College SMT regularly attend meetings to present College plans, update on progress in delivering against key actions and respond to challenge. The Committee is grateful for their input and professionalism.

The Audit Code of Practice prohibits members of Finance Committees being members of Audit Committees and vice versa. However, where there is clear overlap in responsibilities, mechanisms for ensuring appropriate interlock between the priorities and oversight of these committees has been established.

The Audit Committee continues to be an effective forum for scrutiny and challenge.

## The Committee's Opinion on the Adequacy and Effectiveness of the Corporation's Assurance Arrangements, Framework of Governance, Risk Management and Control Processes for the Effective and Efficient Use of Resources, Solvency of the Institution and the Safeguarding of its Assets.

### Corporation's Assurance Arrangements - In-year

As regards in-year assurance and risk management arrangements, the Committee believes in-year control processes in the College are effective, while noting that continuing evolution to ensure the requirements of Managing Public Money will be needed. In addition to full and frequent management reports to Corporation and its Committees, and frank and open discussion at meetings between the Senior Management Team and Governors, the College has an effective Link Governor scheme which allows Governors to develop dialogue with other College leaders and managers.

### Strategic planning

The College operates a Strategic Delivery Plan, which is approved by Corporation each year and reported on regularly through the year. This plan also benefits from ground-up input from across the College staff and its student base, with KPIs established to ensure in year measurement of delivery against plan.

From a financial perspective, prudent goals are established for delivering a modest surplus in the central estimate. Plans are reviewed and adjusted quarterly, ensuring in-year income

goes to the benefit of students in the current cohort, while safeguarding the financial standing of the College as a going concern. As noted above, the reclassification of Colleges created additional complexities, which the College managed successfully.

## Effective and Efficient Use of Resources

In our core academic business, effectiveness is primarily evidenced by retention, achievement, value-added indicators, and by student feedback; and it is externally validated by OFSTED inspections and Landex peer reviews. Performance in all these areas remains good, with frequent detailed reports to governors and governor engagement with reviews of individual departmental performance. There are detailed plans in place to address pockets of provision capable of further improvement.

Based on its review of key metrics through the year, the Committee considers that the framework of controls over effectiveness and efficiency is strong.

## Solvency of the Institution

The shortfall in the College's target liquidity ratio in year is noted, although this is principally due to ONS reclassification and technical accounting requirements around, for example, the recording of near cash items as fixed assets within the balance sheet.

Plans presented by the executive management team, including the forthcoming sale of properties held by the college give confidence around the going concern of the College, particularly now that previous concerns around the refinancing of pre-reclassification private development finance have been assuaged with the advent of an alternative public finance facility.

## Safeguarding of the Colleges' Assets

There are insurance arrangements in place and the claims experience is reported to Corporation annually.

The Corporation has taken a conservative view in assessing the book life of its assets; and it is the Corporation's policy to assess all assets for impairment annually.

## Appendix 1

### Audit and Assurance Programme

Date	Completed by	Area of Audit / Assurance
Nov 23	ICCA	HE/OfS compliance
Jul 23	ICCA	Work placement
Jan 24	JISC	ICCA security
Mar 24	Ofsted	FE and Skills
Feb 24	Landex	FE and Skills
Nov 23	Consultant	Apprenticeship Deep Dive
Nov 23	Consultant	Personal Development and Quality of Education Deep Dive