

John Wheatley College
Board of Management
Financial Control Committee

Minutes of the Financial Control Committee held on Thursday 14th October 2004 at 5.00pm in Room SO9, Alex Viola Suite, Easterhouse Campus.

1. Sederunt

The meeting commenced at 5pm and was attended by:

J Graham(Chair)
J Cope;
M Axford; and
G Jones

In Attendance

A Kirk (Depute Principal);
A Inglis (Assistant Principal)
B Forrest (Chief Accountant);
M Brennan (Financial Adviser);
A Sherry (Assistant Principal/Secretary to Board); and
S Wilkie (for recording purposes only)

2. Apologies

I Graham

Mr Forrest issued amended papers to members prior to the commencement of business.

3. Declaration of Interest

There were no declarations of interest expressed at this Committee meeting.

4. Terms of Reference

Mr Sherry apologised to members and advised that he would ensure that the terms of reference would be updated as Joe Dobson and Bernard Dunn were no longer Board Members. It was confirmed that the meeting was quorate with 4 members in attendance.

5. Minutes of the previous meeting of the Financial Control Committee held on 1st September 2004.

The minutes of the previous meeting were taken as read. There were no corrections for accuracy. They were accepted as an accurate record of the meeting held on 1st September 2004.

6. Matters arising from Financial Control Committee Minutes held on 1st September 2004.

Mr Kirk referred Item 7(c) Office of the Scottish Charity Regulator - Seminar Information. He advised that Mr Forrest attended this seminar.

Item 10 Report on Infrastructure Grant 2003/04. Mr Forrest issued members with a report on the progress of the disbursement of the funding which amounted to £103,589.

7. Correspondence

(i) Scottish Executive - Efficient Government Grant

Mr Kirk informed members that the purpose of this fund is to make the public sector more efficient and to reallocate resources for front line use if savings were identified in support services. He further informed members that the College would be represented at the one of the seminars which the Scottish Executive were using to launch the programme.

Members noted this correspondence.

(ii) SFEFC - Cost Benchmarking

A Kirk confirmed that the College had been represented at these seminars.

The Depute Principal noted that the College has until 22 October 2004 to respond to the consultation on the wider dissemination of individual college data based on the EWSUMs model. He informed members that the College would agree to share its data as it believed that the availability of more detailed information would enable it to make more informed judgements on the efficiency and effectiveness of its own services. Members endorsed this approach.

(iii) SFEFC - Financial Reporting Standard 17: Retirement Benefits (FRS 17)

Members noted this correspondence.

(iv) Authorities Buying Consortium - annual report and accounts 2003/04

Mr Kirk reminded members that the College is a member of ABC and that this enabled the College to access substantial discounts in both supplies and services.

Members noted this correspondence.

8. Unaudited Annual Accounts 2003/2004

The Depute Principal informed members that Mr Forrest had issued a revised report to members. This revised paper contained minor revisions which mainly corrected typographical errors.

B Forrest spoke to his report and informed members of the financial performance for the year 2003/2004 from 1 August 2003 to 31st July 2004. However he reminded members that the accounts were in a draft form as the external audit had not yet been completed. He reminded members that Audit Scotland were currently completing the external audit process and that it was unlikely that their report would be available before late November 2004. The Chief Accountant informed members that these accounts would not be placed in the public domain until they have been audited and approved by Parliament as required by statute.

The Chief Accountant confirmed that the College had made an operating surplus of £14k in 2003/2004 which translated to an historical cost surplus of £44k which was shown in the accounts. Members welcomed that a surplus had been achieved even if it was less than that originally forecast. The Chair opined that as a publically funded body the College should not be seeking to compile a large surplus as it should be devoting its resources to deliver services to the communities it serves. He added that in his view a surplus of £1 was sufficient. Members endorsed these comments

The Chief Accountant proceeded to highlighted key areas in the accounts informing members that year-on-year employee costs had risen mainly as a result of staff absence. He reported that the Funding Council has requested that agency costs should be shown under other operating costs rather than staff costs though this made no difference to the bottom line figures. In response to questions he confirmed that agency costs had risen when

compared to financial year 2002/03 mainly as result of the need to employ temporary staff in the administration section. The Depute Principal informed members that a recruitment process was underway and that it was anticipated that that permanent staff would be in place by late October 2004.

Members of the Committee agreed with the approach that the College has taken.

The Depute Principal confirmed that at the end of the year the College had £1million in the bank. The Chair noted that this had not always been the case.

The Chair confirmed that the only concern is that of staff absence as this continues to push costs up. However he was aware that the College had taken steps to reduce intermittent absence and recognised that there was little more the College could do when members of staff were experiencing serious long-term illness.

Members agreed to:

- (i) note the contents of this report and its appendix;
- (ii) note the College's draft financial position for the period; and
- (iii) request the Chief Accountant to bring forward a further report on the finalised position to a future meeting of the Committee.

9. KPMG Benchmarking Exercise

Mr Kirk reported that this report was presented to members at the last Board meeting and referred to this Committee for further discussion. The Depute Principal asked members whether they had any further questions.

Mr Axford commented that this analysis would certainly highlight anomalies in the way in which colleges reported information. The Depute Principal opined that it would appear in a number of areas colleges were not comparing 'like with like' and that further analysis was required to be undertaken by SFEFC.

The Depute Principal informed members that a further report with a more detailed analysis of major variances between the College's unit costs and that of the sector would be brought to an appropriate future meeting. In response to questions he confirmed that this data would be used as part of the College's development planning process for sessions 2005/08.

Members agreed to:

- (i) note the contents of the report and its appendices; and
- (ii) request the College to further investigate major unfavourable variances and report back to the Financial Control Committee.

10. Quarterly Monitoring Report - 4th Quarter

The Depute Principal confirmed that this report was referred to this Committee by the Board.

A Kirk advised that the College would report the same aspects next year.

The Chair commented that in his view the format of the report was both comprehensive and easily understood providing members with the information they required. It was his view there was no need to alter the format for this session. Members endorsed these comments.

Following discussion members agreed to:

- (i) note the contents of this report;
- (ii) note the College's performance in each of the listed performance indicators;
- (iii) request the College to forward the report to the SFEFC if required; and
- (iv) request the College to bring forward a further report following the end of the first quarter of 2004/05.

11. Period One Report

The Chief Accountant spoke to his report and informed members of the College's financial performance for the first month of the financial year 2004/05 from 1 August 2004 to 31 August 2004.

He confirmed that the expenditure is reasonably close to budget and noted that the period percentage variance is 6.8 not -6.8 which was stated in the spreadsheet. He reminded members that the August period was atypical and that it was inappropriate to seek to identify trends from these figures.

The Chair asked whether the outstanding bad debts had been paid. Mr Kirk replied that the College approach to managing its bad debtors had been successful and that the money had been repaid.

Members agreed to:

- (i) note the contents of this report and its appendices;
- (ii) note the College's financial position for the period; and
- (iii) request the College to bring forward a further report on progress at a future meeting of the Committee.

12. Childcare Funds - Financial Year 2003/2004

Mr Forrest spoke to this report and advised of the actual allocation of childcare funds and confirmed that this was the final report for financial year 2003/2004.

He noted that the College had £256,191 of available funds.

Members agreed to:

- (i) note the contents of the report; and
- (ii) request the Principal and Chief Accountant to report back to future meetings, as appropriate, on the progress of any future allocation of childcare funds.

13. Bursary Funds and Education Maintenance Allowance - Academic Year 2004/2005

Mr Kirk confirmed that the gross bursary grant allocated to the College for financial year 2004/2005 was £493,197.

The Depute Principal advised that to date there has been a total of 312 bursary/EMA applications (compared with 258 applications at the same date last year, an increase of 21%).

A Kirk advised that bursaries have been awarded to 251 students resulting in a commitment of £433,000.

Members agreed to:

- (i) note the contents of this report; and
- (ii) request the Principal and Chief Accountant to report back to future meetings as appropriate on the progress of any future allocations of funds.

14. Note of Meeting with SFEFC Governance and Monitoring: Appraisal and Policy (GMAP) department - 30 August 2004.

Mr Sherry spoke to this report informing members that attached to the report was a note of the meeting (with an appendix containing the College's response to the initial questions forwarded by GMAP), and an update on the further information which the College provided to GMAP as a result of the visit. This further information included details of the College's use of capital funds and the clarification of technical issues raised by SFEFC following the meeting.

He reminded members that GMAP had, following several requests from the College, provided an agenda which contained a total of 26 questions and that they had subsequently requested further explanation of the information

contained in the FFR relating to the Financial Security grants. The Chair commented that in his view the College had acted appropriately in requesting an agenda prior to the meeting due to the detailed and technical nature of a number of the issues raised by GMAP.

Members agreed to note the contents of the report and its annexes.

15. Additional Item - Report on Cash Flow Forecast to 31st July 2005

The Chief Accountant apologised for the delay in issuing this paper informing members that this was a result of activities which had been required to be undertaken to meet the requests of External Auditors.

B Forrest spoke to his report and advised members of the College's cash flow forecast to 31st July 2005 as estimated at 30th September 2004.

He confirmed that the total in bank accounts accumulated to £853,517.98. The Chair advised that this figure was wrong it should state £853,576.98, Mr Forrest advised that he would amend this figure following this Committee.

The Chief Accountant advised that the cash flow does not include Student Funds.

Members agreed to:

- (i) note the contents of the report and its appendices;
- (ii) note the College's forecast cash flow for the current financial year.

15. Closure

Having discussed all items on the agenda the Chair of the Committee thanked members for their attendance. The meeting closed at 6.15pm.

16. Date of Next Meeting

The next meeting is scheduled for Wednesday 10th November 2004 at 5pm in the Alex Viola Room, Easterhouse Campus.