

John Wheatley College
Board of Management
Financial Control Committee

Minutes of the meeting of the Financial Control Committee held on Thursday 4 March, 2010 in Room MF12/14, East End Campus.

1. Sederunt

B Rooney (Chair);
I Graham (Principal);
R Blyth;
A Woolley; and
J Sweeney (Co-opted Member).

In Attendance:

A Kirk (Depute Principal);
A Inglis (Assistant Principal);
S Double (Finance Manager);
J Gow (Chief Finance Officer); and
L McEwan (for recording purposes only).

2. Apologies

J Cope (Fellow of Board).

3. Terms of Reference

Members noted the terms of reference for the Financial Control Committee. It was confirmed that the meeting was quorate with 5 (five) members in attendance.

4. Declarations of Interest

Item 8 – Annual Report and Financial Statements – GEAC (Glasgow East Arts Company)

The Principal informed members of Formal Declarations of Interest in respect of the above item as a consequence of the undernoted individuals' membership of the GEAC Board:

- Ronnie Saez, Board Member;
- Ian Graham, Principal; and
- Alex Kirk, Depute Principal.

5. Minutes of the meeting held on 17 November, 2009

The minute of the meeting was accepted as an accurate record of the meeting held on 17 November, 2009.

6. Matters arising from the minutes of the meeting held on 17 November, 2009

There were no matters arising from the minutes of the meeting held on 17 November, 2010.

7. Correspondence

a) Correspondence from Stewart McKillop, South Lanarkshire College re APUC – PPRB Feedback / Funding Discussion

The Principal spoke to the contents of the correspondence which sought to provide members with a paper presented by John McClelland (in his role as advisor to the Minister on Procurement) to John Swinney and the Public Procurement Reform Board (PPRB) at its most recent meeting.

Members of the Financial Control Committee agreed to note the contents of the correspondence which was provided for information purposes only.

8. Annual Report and Financial Statements - GEAC

The Principal drew member's attention to Formal Declarations of Interest in respect of the above item as a consequence of the undernoted individuals' membership of the GEAC Board:

- **Ronnie Saez, Board Member;**
- **Ian Graham, Principal; and**
- **Alex Kirk, Depute Principal.**

The Principal spoke to the contents of the report which sought to apprise the Committee of details contained in the Annual Report and Financial Statements of the Glasgow East Arts Company (GEAC) for financial year which ended 31 March, 2009.

Members recalled that, until recently, GEAC was known as the Greater Easterhouse Arts Company (it had recently taken on a pan-East End role in response to the priorities of Local Community Planning Partnerships).

Members further recalled that the College is a key partner in the operation of GEAC which runs, on behalf of local partners, in the Bridge (at the College's Easterhouse Campus).

Members had been provided with the undernoted documents for their information:

- GEAC's Report and Financial Statements for year ended 31 March, 2009; and
- the Annual Report to the GEAC Board of the Company's External Auditors (Wylie and Bissett).

Members noted that the future operational environment facing GEAC was likely to be significantly more challenging (as the Public Sector Expenditure

squeeze would be felt on local organisations). The Principal opined that for the present the Company's financial situation remained reasonably secure.

This would, however, require to be kept under review.

Members of the Financial Control Committee agreed to note the contents of the Principal's report and its annexes.

9. Additional Funding Applications - GHA

The Principal spoke to the contents of the report which sought to inform members of recent funding applications made to Glasgow Housing Association (GHA) in relation to the College's Learning Network and Youth Access initiatives.

Members recalled that at the most recent meeting of the Board of Management the applications made through Glasgow City Council's integrated grants scheme were considered.

The report sought to bring members attention to additional applications which had recently been made to GHA.

Members noted that the College had applied to GHA's Neighbourhood Renewal Fund for a £20,000 contribution towards the development of new Learning Centres and for £50,000 towards the costs of the Youth Access programme in each of 2010/11 and 2011/12.

Members further noted that the College was successful in both applications and noted the contents of both applications and the associated notifications of subsequent awards.

The Principal acknowledged the work of A Inglis, J Gow and S Double in this respect and members endorsed this sentiment.

Members of the Financial Control Committee agreed to:

- a) note the contents of the report and its appendices;
- b) note that the College had been awarded £20,000 from GHA's Neighbourhood Renewal Fund to support the development of additional Learning Centres;
- c) note that the College had been awarded £50,000 from GHA's Neighbourhood Renewal Fund to support its Youth Access programme during 2010/2011; and
- d) request that the College brings a report on the use of these funds to a future meeting of the Board's Financial Control Committee.

10. Procurement Strategy

The Principal spoke to the contents of the report which sought to apprise members of the content of the College's Procurement Strategy.

Members recalled that one of the targets for 2009/10 in the College Strategic Plan and Finance Team Plan was to develop a Procurement Strategy. The Board of Management had, the Committee recalled, approved the Procurement Strategy on the 23 February 2010 and requested that the Financial Control Committee further scrutinise that document at this meeting.

Members had been provided with a copy of the Procurement Strategy which sought to outline the way in which the College intended to develop further its procurement function and how it planned to measure and report on progress through the use of Best Practice Indicators (BPI's).

The Principal reminded those present that the College formally joined Advanced Procurement in Universities and Colleges (APUC) in August 2009 and had subsequently implemented the PECOS E-Procurement system.

Members noted that much of the Procurement Strategy was based upon the increasing use of collaborative contracts negotiated by APUC and the gradual increasing use of PECOS to achieve transactional efficiencies. In addition, members noted that the use of PECOS and the Procurement Hub was also crucial in generating the data and reports which will enable the College to monitor progress through the BPI's. The Strategy also relied on the increasing role the Finance Manager had in developing and managing the Procurement function.

Members further noted that APUC were currently in the process of undertaking Procurement Capability Assessments (PCA's) throughout the FE and HE sectors, and they would visit the College in late March to complete the assessment for the College. It was anticipated that the Procurement Strategy, along with the other steps the College had taken in developing its procurement function and processes, would ensure the College would be able to demonstrate that it had appropriate procurement arrangements in place relative to the scale of its non-staff related spend. The Principal indicated that the outcome of the PCA 'audit' would be reported to a future meeting of the Committee.

Members were content with the Strategy which the College had developed in these respects.

I Graham informed members that S Double had received a Commendation from the Senior Management Team for his work in respect of the development of the College's Procurement Strategy.

Members of the Financial Control Committee agreed to note the contents of the report and its appendix.

11. Report on Cash Flow, year to 31 January, 2010

The Chief Finance Officer spoke to the contents of the report which sought to apprise members of the College's cash position as at 31 January, 2010 and to provide a summary cash flow for the first half of the 2009/10 financial year.

Members noted that the balances on the College's main bank accounts as at 31 January, 2010 were as follows:

Clydesdale Bank Current Account	£189,216
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BOS Corporate (0.25% above base rate)	£1,179,974
Total	£1,369, 190

Members were provided with a summary of the actual cash transactions for August 2009 to January 2010 along with associated cash flow estimates for the rest of the year.

Members of the Financial Control Committee agreed to note the contents of the report and its appendix.

12. Budget Monitoring Report, year to 31 January, 2010

J Gow spoke to the contents of the report which sought to provide members with an analysis of actual expenditure against budget for the first half of the financial year and to provide a forecast to the end of the current year.

Members recalled that the analysis had been discussed at the Board meeting held on 23 February, 2010 as part of the College's Half Year Progress Report. It had subsequently been referred to the Financial Control Committee for further, more detailed scrutiny on behalf of the Board.

In response to a question the Principal confirmed that the College's Capital Plan would be implemented over a two year period and as a consequence, would balance any apparent overspend in the first year in expenditure related to specific grants.

I Graham apprised members of a Sector wide ESF application to which the College may have access in 2010/11 and 2011/12. This would, if successful, enable colleges to provide additional activities in response to the economic downturn. The details of the application and of the project's operation (if successful) were, at present, unknown. The Scottish Funding Council would make application for grant and administer the scheme if the application was successful.

The Chief Finance Officer then highlighted the key points of his report and answered members' questions as they arose.

Members of the Financial Control Committee agreed to note the contents of the report.

13. Review of Colleges' 2008/09 Financial Forecasts

The Principal spoke to the contents of the report which sought to apprise members of the Scottish Funding Council's (SFC's) recently published review of Colleges' Financial Forecast returns (FFR) from Sessions 2008/09 to 2011/12.

Members noted that the College expected new Accounts direction from the SFC this summer and further noted that the College had revisited the issue of the Board's 'treatment' of FRS17 on three (3) occasions.

Members of the Financial Control Committee agreed to note the contents of the report and its appendix.

14. Review of Financial Regulations

Members of the Financial Control Committee recalled that the College maintained Financial Regulations which set out the financial policies of the College. These regulations provided the system of internal controls over College's resources and provided assurances that these resources were being properly applied to achieve the College's strategic and operational objectives.

S Double spoke to the contents of the report which sought to apprise members of amendments that have been identified as required to be made to the Financial Regulations before seeking approval of the amended Financial Regulations by the College Board of Management.

Members further recalled that the College Financial Regulations were on the agenda of the Financial Control Committee in September 2009 and members were requested to review the latest set of approved Financial Regulations and inform the College Finance Manager of any required amendments by 31 December 2009.

Members noted the contents of the Financial Regulations, which had been updated to incorporate all identified amendments and requested that one sentence be added to page 26 in respect of a Business Case to cover Tender Limits.

Members of the Financial Control Committee agreed to review and note the College Financial Regulations and identified amendments prior to seeking the approval of the amended Financial Regulations by the College Board of Management at its next scheduled meeting (on 11 May, 2010).

15. Efficient Government

The Chief Finance Officer spoke to the contents of the report which sought to provide members with details of the most recent circular issued by the Scottish Funding Council (SFC) in respect of Colleges' contribution to the Scottish Government's Efficient Government Initiative.

Members recalled that the Efficient Government Initiative (EGI) had been launched in June 2005 by the then Scottish Executive's Finance Minister.

Members further recalled that the College responded to the first stage of the EGI by planning savings of £41k in 2005/06, £48k in 2006/07 and £50k in 2007/08.

Members noted that in January 2008 the College reported that it had exceeded the attendance management target and achieved the others which had resulted in an additional £18k in savings each year over and above the target.

A copy of the College's submission in respect of the new savings had been provided for the information of members.

Members of the Financial Control Committee agreed to note the contents of the report and its appendices.

16. Bad Debt Write Off

S Double reminded members of the Financial Control Committee that it was good practice to review bad debts and the bad debt provision on a regular basis. The purpose of this report was therefore to request authority to write off debts which were not considered to be recoverable.

Members of the Financial Control recalled that the College debt collection procedures dictated that the Finance section send three (3) reminder letters to all debtors prior to recommending a debt for write off. The College procedures also allowed the Financial Control Committee to consider passing debts to a debt collection agency.

A full Aged Debtors report as at 23 February 2010 was provided for the information of members. Members noted that to date, the total invoiced debt owed to the College was £11,720.25. The portion of this debt not considered to be recoverable, at present, was student debt equalling £3,178.33.

In response to a request the Chief Finance Officer would provide a figure of bad debt write off as a percentage of those paying to the next meeting of the Financial Control Committee.

Members noted that the report's appendices would not appear in the Public Domain as a consequence of the confidential nature of personal data they contained.

Members of the Financial Control Committee agreed to:

- (i) note the contents of this report and its appendices;
- (ii) authorise the College to write off bad debts totalling £3,178.33 against the bad debt provision of £13,200;
- (iii) authorise the College to re-invoice 2008/09 debts relating to three continuing students in the 2009/10 financial year; and
- (iv) request the College to bring a further report on the collection of debt and the bad debt provision to a future meeting of the Committee.

17. Student Support Funds

The Chief Finance Officer spoke to the contents of the report which sought to provide members with up to date information in respect of the Student Support Funds managed by the College. Members recalled that this had been highlighted as a financial risk for the 2009/10 year.

J Gow took members through the key areas of the report which provided details of the outcome of the In-Year Redistribution of Student Support Funds and summarised the current position with each of the funds along with a request for approval to vire funds.

Following discussion members of the Financial Control Committee agreed to:

- i) note the contents of the report and its appendices;

- ii) approve the virement of up to £100k in funding from the FE Discretionary Fund to the FE Childcare Fund; and
- iii) authorise the College to seek permission from the SFC to vire up to £30k from the FE Discretionary Fund to the FE Bursary Funds.

18. Risk Management – Risk Issues to be considered as a consequence of the consideration of the above agenda

Members agreed that there were no new risk-related issues to be considered as a consequence of the Financial Control Committee meeting held on Thursday 4 March, 2010.

The Principal reminded members that the undernoted Developmental Items (items 19 and 20) were supplied for information only unless members wished to raise issues related to the reports or unless they wished a verbal up-date from the reports' authors.

Members raised no such issues and no verbal up-dates were requested from the reports' authors.

19. International Accounting Standards

20. APUC Annual Report 2008/09

21. Closure

The meeting closed at 5.50 pm with the Chair thanking all in attendance for their contribution to the meeting.

22. Date of Next Meeting

The next meeting of the Financial Control Committee is scheduled to take place on Thursday 29 April, 2010.