

Skills Funding Agency

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The Skills Funding Agency funds and regulates adult further education and skills in England.

An agency of the Department for Business, Innovation and Skills.

Name of College: WORKED EXAMPLE

UPIN:

UKPRN:

Form A: Financial Management and Control Evaluation (FMCE) annual return for Further Education Corporations designated under the Higher Education Act 1992 and sixth form corporations designated under the Apprenticeships, Skills, Children's and Learning Act 2009 (certain local authorities were involved with funding sixth form corporations in the period 1 April 2010 to 31 July 2010).

Notes

Please read the Skills Funding Agency guidance document, *Guidance on the self-assessment of a providers' financial management and control arrangements using the Financial Management and Control Evaluation (FMCE) annual return* before completing the FMCE return.

The completion of a full FMCE return is not mandatory for all further education and sixth form colleges in 2010/11. Some colleges may opt to submit a short FMCE return which consists of Part 1 and Part 2 of this form, that is, the Summary of Grades and a revised and updated Improvement Plan which should demonstrate where improvements have been made since last year. This option is only available to further education and sixth form colleges:

- who do not wish to change last year's overall self-assessed grade and the regional PFA team of the former LSC concurred with this grade and
- have not undergone any significant changes since last year (organisational changes; changes in the governance framework; mergers; deterioration in financial health; adverse audit or inspection outcomes).

The Skills Funding Agency and the YPLA would recommend that all eligible colleges consider this option. However, further education and sixth form colleges that anticipate being inspected in 2010/11 should complete the full FMCE return as it will be this document that will be validated.

If a **further education college** needs any support and guidance in completing its FMCE return then the person(s) completing it should contact their Audit Manager. If a **sixth form college** needs any support and guidance in completing its FMCE return then the person(s) completing it should contact Mike Croker, Jonathan McAllister or Ian Stafford.

Part 1 – Summary of Grade

We have read the Skills Funding Agency document, *Guidance on the self-assessment of a providers' financial management and control arrangements using the Financial Management and Control Evaluation (FMCE) return* and self-assessed our financial management and control arrangements for the period from **1 August 2009 to 31 July 2010** using the Financial Management and Control Evaluation return in accordance with that Guidance. We have decided to submit a full FMCE return/a short FMCE return (delete as appropriate) and our self-assessed grades are summarised in the following table.

Area	Section	Grade (Outstanding/ Good/ Satisfactory/ Inadequate/ N/A)	Grade (Outstanding/ Good/ Satisfactory/ Inadequate/ N/A)
1. Accountability Arrangements	1.1 Strategic Oversight	GOOD	GOOD
	1.2 Operational Oversight	GOOD	
	1.3 Sub-contracting Arrangements	SATISFACTORY	
2. Financial Planning Arrangements	2.1 Long-term Financial Planning	GOOD	GOOD
	2.2 Short-term Financial Planning	GOOD	
3. Internal Control Arrangements	3.1 Risk Management	GOOD	GOOD
	3.2 Internal Control System	GOOD	
4. Financial Monitoring Arrangements	4.1 Financial Monitoring	GOOD	GOOD
Our overall self-assessed grade for the college's financial management and control arrangements is			GOOD

A file of evidence has been prepared to support this grade, which we will make available to the Skills Funding Agency or YPLA for validation when requested.

Signed: (Principal)

Name:

Date:

Name of College:

For those further education and sixth form colleges submitting a short FMCE return, the signing off of Part 1 of the FMCE return indicates there have been no significant changes in the college in the last 12 months.

If you have any queries on this FMCE return then please contact:

1. (Name)....., Clerk to the Corporation on (telephone number) and email at..
2. (Name)....., Director of Finance on (telephone number) and email at..
(Provide contact details of the person(s) we should contact if we have any queries on the FMCE return, that is, name, job title, telephone number and email address)

Part 2 Improvement Plan

An Improvement Plan has to be prepared by all providers irrespective of which FMCE return is being submitted unless no weaknesses or areas for improvement have been identified.

Area & Question Reference	Weakness or Area for Improvement	Proposed Actions	Name and Position of Person Responsible	Planned Completion Date
2008/09 FMCE Weaknesses – show the following details for all issues included in last year’s Improvement Plan				
	Please repeat the issue included in the pervious years Improvement Plan	Please show the progress made on the issues included in the pervious years Improvement Plan	Repeat details from last year’s Improvement Plan (unless responsible person has changed)	Specify if issue has been addressed and actual date of completion or specify revised completion date
	Please repeat the issue included in the pervious years Improvement Plan	Please show the progress made on the issues included in the pervious years Improvement Plan	Repeat details from last year’s Improvement Plan (unless responsible person has changed)	Specify if issue has been addressed and actual date of completion or specify revised completion date
2009/10 Weaknesses				
1.1.12	The performance of the external auditors was not reviewed after they had completed the external audit of our 2008/09 financial statements in December 2009.	The review of the performance of the external auditors, in accordance with previously determined performance indicators, will be undertaken once the 2009/10 external audit has been completed.	Audit Committee	January 2011
1.2.3a	The contract for the person holding the post of Financial Controller expires on 31 December 2010 and we need to decide whether or not to fill the post permanently or delete the post from our approved establishment.	The director of finance will submit a paper to our finance committee in December 2010 setting out the advantages and disadvantages of each of the options and setting out our suggested course of action.	Director of Finance	December 2010

Area & Question Reference	Weakness or Area for Improvement	Proposed Actions	Name and Position of Person Responsible	Planned Completion Date
1.3.7	We have not been able to undertake all of our planned visits to our franchised partners due to unforeseen staffing problems.	The backlog of visits will be completed by 31 March 2011.	Vice-Principal	31 March 2011
3.2.1	Copy in the recommendation included in the PFA report	Copy in the response to the recommendation included in the PFA report	Copy in details that were included in the PFA report	Provide details of (revised) implementation date and any action taken since the PFA report was produced.
3.2.1	Copy in the recommendation included in the PFA report	Copy in the response to the recommendation included in the PFA report	Copy in details that were included in the PFA report	Provide details of (revised) implementation date and any action taken since the PFA report was produced.
3.2.1.	Copy in the recommendations raised by the internal auditors which have not been implemented.	Copy in the response to the recommendation included in the final internal audit report.	Copy in details that were included in the action plan that was provided for the internal audit report.	Provide details of (revised) implementation date and any action taken since the internal audit report was issued.
3.2.1.	Copy in the recommendation included in the external auditors' management letter	Copy in the response to the recommendation included in the external auditors' management letter	Copy in details that were included in the action plan that was provided for the external auditors (if provided).	Provide details of (revised) implementation date and any action taken since the external auditors' management letter was produced.
Area 3 Effectiveness section	Value-for-money exercise has identified some properties which are surplus to our requirements and thus need to be disposed of. The corporation has approved the disposal of these assets.	There is a list of properties which we need to dispose of.	Principal	31 March 2011

Part 3: Control Arrangements and Effectiveness

Area 1. Accountability Arrangements: Appropriate accountability arrangements should be in place to enable management to effectively discharge their responsibilities.

Please answer all the questions in Area 1 by providing a “Yes”, “No” or “N/A” answer. There has to be evidence to support each “Yes” answer. You can specify briefly the evidence supporting each answer in the third column below. Furthermore, the Skills Funding Agency and YPLA believe it would be useful if you keep an Evidence File at the college to support all your “Yes” answers. We suggest that every “No” answer is treated as a weakness or an area for improvement and carried forward to the Improvement Plan unless you believe the implementation of such will not produce any additional benefits. If this is the situation then this fact should be recorded in the Evidence column. Furthermore, we suggest that if there is a “N/A” answer a brief explanation as to why this is the case should also be recorded in the Evidence column.

Area 1. Section 1: Strategic Oversight

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
<p>1 Have all the statutory and other requirements identified in Appendix I of the Guidance been adhered to?</p> <p><i>Colleges should refer to Annex A of Appendix I of the Guidance which outlines the various requirements this question covers.</i></p>	Yes	Please see the clerk to the corporation for further information on this question.
<p>2 Are there clear, written definitions of responsibility and reporting lines for governors for the oversight of financial management and internal control?</p>	Yes	<p>The corporation has formally agreed the types of decisions, included within a scheme of delegation, that are delegated to the committees and to the principal/SMT and those that are reserved for the corporation , for example, the approval of the annual budget and internal audit plans, and this is set out in the college’s standing orders. This scheme of delegation is subject to annual review.</p> <p>Financial management and control is dealt with in the main by the finance committee and the audit committee.</p> <p>All our committees review their compliance with their terms of reference on an annual basis.</p> <p>Evidence – Standing Orders. Terms of reference for finance and audit committees. Paper on annual review of compliance with terms of reference for audit committee and finance committee – 2010 meetings.</p>
<p>3 Do governors have sufficient financial experience, qualifications and skills to collectively discharge their responsibilities for overseeing financial management and control activities effectively?</p>	Yes	<p>The members of the corporation are exceptionally well qualified and experienced.</p> <p>Our finance committee consists of governors with appropriate expertise and</p>

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
		<p>knowledge. We also have one co-opted member with relevant experience on both the audit and finance committee. We intend to ensure these committees continue to operate with co-opted members with relevant experience. We are fortunate to have a waiting list of co-opted members for these two committees Evidence – Last skills audit March 2010. CVs of governors and co-opted members of the audit and finance committee.</p> <p>There is also a programme of ongoing training and development for governors on their responsibilities including financial management and control. Those governors assessed as needing financial management and control training, do receive it. Evidence – last training needs analysis undertaken in December 2009 and schedule of actual training provided for governors (all these documents are kept by the clerk).</p>
4 Is there adequate succession planning in place to ensure that the membership of the corporation and relevant committees includes appropriate financial management and control experience and expertise at all times?	Yes	<p>The search committee regularly reviews the membership profile of the corporation and has plans in place for the succession of governors to ensure its skills base is maintained (the clerk keeps these succession plans). In the last four year governors have been appointed for different/staggered periods of office to avoid a significant number of governors leaving at the same time and having adverse impact on the skills base. Evidence – succession plans kept by clerk. CVs of co-opted members of the audit and finance committee.</p>
5 Are the college’s clerking arrangements, including the corporation’s oversight of the role, the adequacy of the clerk’s job description and training provided, in accordance with statutory requirements and best practice to ensure that the corporation is served by an efficient and effective clerk?.	Yes	<p>We believe we have a very good clerk to the corporation. She is appropriately qualified and experienced. See questions 7 & 9 below. These provide evidence of how effective our clerk is. Evidence – Clerk’s CV.</p>
6 Have governors determined the nature, format and frequency of the information that best meets their needs?	Yes	<p>Each paper presented to the corporation contains an executive summary outlining what action, if any, is required by the governors and the financial implications of issues requiring a decision. Evidence – corporation and committee papers.</p>
7 Are governors provided with sufficient and timely information to fully consider before making decisions?	Yes	<p>All corporation and committee agenda and papers are circulated on a timely basis, at least seven days in advance of each meeting. This gives the governors sufficient time to review relevant papers. The agendas identify which papers require a decision and which are provided for information purposes so governors can concentrate their time on the key papers and</p>

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
		<p>prepare any questions they may have. There has been no tabling of papers at any corporation and committee meeting in the last twelve months. Also as we have an annual schedule of corporation and committee business, the clerk is fully aware of what papers are needed for each meeting. She is thus in a position to chase the staff responsible for the preparation of the papers as and if required.</p> <p>Evidence – record of despatch of corporation and committee agendas kept by the clerk.</p>
<p>8 Does the Corporation take advice from internal and external financial management and control experts when the complexity of the issues being considered require it?</p>	<p>Yes</p>	<p>The director of finance attends all the meetings of the finance committee and corporation and presents all relevant finance papers. This ensures the finance committee and corporation can be advised on all of all the financial implications/issues when they are asked to take decisions.</p> <p>Evidence – finance committee and corporation minutes.</p> <p>The internal auditors attend all meetings of the audit committee and the external auditors attend when required to discuss their reports and plans.</p> <p>Evidence – minutes of the audit committee.</p>
<p>9 Are all of the deliberations and decisions of governors properly and fully recorded?</p>	<p>Yes</p>	<p>The clerk to the corporation prepares the minutes of all meetings to a good standard and these do record what was discussed and agreed. She attends all corporation and committee meetings and prepares the initial draft minutes for these meetings for the relevant chair’s approval. The agreed draft minutes are then presented to the next corporation or committee meeting for formal approval. The clerk keeps her first draft of the minutes together with the chair’s endorsed copy so we have a complete audit trail in respect of the approval of the draft minutes. The draft minutes are usually approved formally without further amendment. However, should there be any amendments then the minutes of the relevant corporation/committee meeting do record these.</p> <p>Evidence – initial draft copy of the minutes kept by the clerk; chair’s endorsed copy of these minutes as kept by the clerk; draft minutes prepared for next corporation/committee approval.</p>
<p>10 Do governors regularly review their own effectiveness in relation to their oversight of financial management and internal control and, as a minimum, comply with the all of the requirements set out in the Articles of Government and the Financial Memorandum?</p>	<p>Yes</p>	<p>The corporation and its committees review their effectiveness on an annual basis, that is, they ensure they comply with their terms of reference and the college’s standing orders. The two main committees responsible for financial management and control namely the finance and audit committees are, in our opinion, both effective as their annual review of their effectiveness will demonstrate. The finance committee, for example, reviews both the three year financial plan and annual budget in great detail before these documents</p>

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
		<p>are approved by the corporation. It also reviews the college’s financial position on a regularly basis. The audit committee is covered in question 12 below. The corporation has met all its responsibilities too.</p> <p>Evidence – annual review of effectiveness of corporation and its committees.</p>
<p>11 Do governors with specific financial and/or assurance qualifications, skills and experience contribute where significant financial management and internal control decisions are made by the Corporation or its committees?</p>	<p>Yes</p>	<p>We expect all our governors to contribute irrespective of their skills. However, as noted at question no. 3 we have suitably qualified and experienced governors who do contribute when significant decisions on financial management and control issues are required; for example, the effectiveness of treasury management policies is reviewed by the finance committee and the audit committee is engaged in the setting of priorities for internal audit and these priorities are reviewed annually.</p> <p>Evidence – audit committee and finance committee minutes. There are also arrangements in place for reviewing the performance of individual governors. The college expects all its governors to contribute to decision making.</p>
<p>12 Does the Audit Committee, including committee membership and the annual cycle of business, operate in accordance with statutory requirements, the Financial Memorandum and the Audit Code of Practice, to effectively advise the Corporation on the college’s risk management, control and governance processes?</p>	<p>Yes</p>	<p>There is an annual schedule of business for the audit committee as there is for all our other committees and the corporation. This schedule should ensure the audit committee conducts all its required business during the course of the year. However, we have identified that we did not review the performance of our external auditors last year; this was an oversight. We do have performance indicators for our external auditors, and there is nothing to indicate that they are not carrying out their duties properly. The audit committee produces a comprehensive annual report which is approved by the corporation. It has ensured management take action to address any identified weaknesses. A report on the progress of implementing all recommendations is a standard item on the committee’s agenda. The committee regularly meets with the internal auditors separately to ensure there are no issues which they should be made aware of. Evidence – audit committee minutes.</p>
<p>Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.</p>		

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
<p>13 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment? If “Yes” please provide a brief description of the evidence of these controls.</p>	<p>Yes</p>	<p>Our internal auditors provide full assurance after their reviews of corporate governance.</p>

Area 1. Section 2: Operational Oversight

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
1 Does the principal carry out all his/her duties under the Articles of Government and Financial Memorandum with the Skills Funding Agency?	Yes	
2 Do those with financial management responsibilities, such as the principal, senior management team (SMT) and operational budget holders, have appropriate financial qualifications, experience and training appropriate to their roles?	Yes	<p>The principal is experienced having previously been a principal in a smaller FE College for five years before being appointed to his current post four years ago. His previous college was a financially successful one.</p> <p>The director of finance is a qualified accountant and very experienced in FE matters. He has been in post for five years and before that he worked at another, smaller FE College for seven years. He is a member of the SMT and attends all meetings of the finance committee and corporation.</p> <p>The director of finance and his team provide all the required support, guidance and training to the budget-holders thus enabling them to undertake their responsibilities in a satisfactory manner.</p> <p>Evidence CV of the principal and the director of finance</p>
3a Do the finance and MIS functions have the necessary resources to enable them to fulfil their duties as set out in the Financial Regulations?	Yes	Both functions are fully staffed at the moment and staff turnover has been at a low level in recent years. However, the post of Financial Controller (the previous post-holder left quite suddenly and we had to fill the post quickly without recourse to our usual recruitment process) reports to the director of finance is currently held by someone on a 12 month contract. The contract is due to expire on 31.12.2010 and we need to decide what to do about the post.
3b Does all the evidence available suggest these two functions are fulfilling their duties properly?	Yes	<p>The evidence available to us indicates that both these two functions are fulfilling their duties, for example:</p> <ul style="list-style-type: none"> • management accounts are produced in accordance with our timetable; • budgetary control is effective; • our external audits always run smoothly; • our internal control system is sound; and • accurate and reliable data is always submitted to the Skills Funding Agency on time.

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
<p>4 Does the SMT meet regularly to consider the college’s operations and are their decisions informed by financial management and control information?</p> <p><i>Please provide examples of SMT decisions following the consideration of financial management and control information?</i></p>	Yes	<p>The SMT meets on a monthly basis and receives various financial management and control information including the management accounts and internal audit reports. The SMT minutes record the consideration of all this information and the decisions which have been made, when needed, after this consideration. All decisions made by the SMT are formally followed up to ensure all the required action has been taken. Evidence – SMT minutes.</p> <p>Examples of decisions:</p> <ul style="list-style-type: none"> • appointment of Financial Controller on a contract basis; • consideration of performance of sub-contractors –see 1.3.9 • value-for-money reports from our internal auditors • report on the catering function • •
<p>5 Excluding senior post-holders, are all other staff subject to annual performance linked appraisal that ensures they are accountable for their work and that performance is improved?</p>	Yes	<p>We have a well-established appraisal scheme in place that involves all our staff.</p> <p>Evidence – our head of personnel can explain our appraisal system if required or we can supply a copy of the documented process. However, as the documented process is quite lengthy we have not at placed a copy of it on the FMCE Evidence File.</p>
<p>6 <i>Are those staff involved in the administration of Skills Funding Agency (and YPLA) business fully conversant with the relevant funding guidance and requirements?</i></p>	Yes	<p>We have experienced staff. Our internal auditors have reviewed the student numbers system and provided substantial assurance on it which suggests our staff are effective in what they do.</p>
<p>7 <i>Did the college actively consider its financial management and control arrangements when arriving at its self-assessed grade for Leadership and Management? Please provide details of this consideration.</i></p>	Yes	<p>There is a separate section in our self-assessment report on financial management.</p>
<p>Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.</p>		
<p>8 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment? If “Yes” please provide a brief description of the evidence of these controls.</p>	Yes	<p>Whilst covered in Area 3 Section 2, our internal auditors have always provided full or substantial assurance on all the financial systems they have reviewed which indicates there has been effective oversight in this area.</p>

Area 1. Section 3: Sub-contracting Arrangements

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
1 If you sub-contract Skills Funding Agency (and YPLA) funded provision to other providers, do you have open and transparent procurement arrangements that are in line with your financial regulations and procedures?	Yes	All contracts are let in accordance with our financial regulations and procedures. Evidence – we have kept records relating to these contracts which you can review should you need to. Due to the volume of these records they have not been put on the FMCE Evidence File.
2 If you sub-contract Skills Funding Agency (and YPLA) funded provision to other providers, have you submitted details of these arrangements to your Agency account manager on the Annex I form as required in the ILR guidance?	Yes	Copy of the Annex I has been placed on the Evidence File.
3 Do you have robust procedures in place to ensure that all sub-contractors engaged to deliver any part of the Skills Funding Agency (and YPLA) contracts have the necessary skills, experience, financial health and resources/systems to be able to deliver and sustain the provision to a high standard?	Yes	We do have robust procedures in place. All our partners are appropriately vetted in accordance with established procedures. Evidence – sub-contracting procedures; outcomes of actual vetting of partners.
4 Are there legally enforceable sub-contract agreements (not service-level agreements) that comply with Skills Funding Agency (and YPLA) funding requirements in place with all sub-contractors, prior to delivery taking place?	Yes	There are legally enforceable contracts in place which comply with all relevant guidance. Evidence – contracts used
5 Is the form of the sub-contract in alignment with the requirements of relevant LSC guidance and FEFC Circulars that remain current?	Yes	Evidence – contracts used
6 Do the contracts clearly specify the obligations and responsibilities of the provider and their sub-contractors, including rights of access and responsibilities in the event of recoveries?	Yes	Evidence – contracts used
7 Do you ensure that your sub-contractors have robust systems of control in place to ensure that in respect of compliance with Skills Funding Agency (and YPLA) funding guidance they only claim funding for:	No	We are supposed to visit all our partners on a regular basis and carry out all the required quality assurance work. However, we have not managed to carry out all the visits we planned due to some unforeseen staffing problems. The backlog of visits will be addressed. Evidence – programme of visits to partners; quality assurance work programme; outcomes of visits to partners

Question	Yes/No/N/A	Evidence –a description of the evidence held to support a “Yes” answer is needed here
<ul style="list-style-type: none"> learners who exist and are eligible for the programme? 		Covered in our quality assurance work programme.
<ul style="list-style-type: none"> learners who have actually started and remain in active learning? 		Covered in our quality assurance work programme.
<ul style="list-style-type: none"> learning that meets learners’ needs? 		Covered in our quality assurance work programme.
<ul style="list-style-type: none"> qualifications that are eligible? 		Covered in our quality assurance work programme.
<ul style="list-style-type: none"> qualification achievements that are fully completed and validated? 		Covered in our quality assurance work programme.
<ul style="list-style-type: none"> where relevant, expenditure that has actually been incurred and paid (actual cost contracts only)? 		Covered in our quality assurance work programme.
8 Do you ensure that ILR data and other learner documentation is completed fully and accurately and is readily accessible at the sub-contractor’s premises?	Yes	Generally this is the case but as noted in question 7 above we are behind in our visits.
9 Does this system of control allow an independent, objective and timely assessment of sub-contractor performance?	Yes	Performance of our sub-contractors is monitored and a quarterly report is prepared on sub-contracting overall for consideration by the SMT and then the finance committee. We have on occasions decided not to continue to contract with some organisations due to their poor performance. The most recent example of this was XXX Ltd who in 2009/10 had a contract for £.... This contract was not renewed as at 1 August 2010.
10 Does this system of control include the monitoring of the quality of provision?	Yes	Part of our quality assurance programme.
11 Does the SMT and Corporation receive timely reports on sub-contracted provision that comply with relevant guidance?	Yes	See 1.3.9 above.
Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.		
12 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment? If “Yes” please provide a brief description of the evidence of these controls.	No	Please note though that sub-contracting is not a significant part of our operations as it only constitutes x% of our funding allocation.

Area 1 - Summary of the Effectiveness of the Accountability Arrangements

Can you please summarise briefly below how effective your accountability arrangements are in achieving the stated objectives :
 “Appropriate accountability arrangements should be in place to enable management to effectively discharge their responsibilities.”
 Please identify strengths in terms of impacts and outcomes. The evidence to support the strengths should be included in the Evidence File. If there are any areas of improvement and/or weaknesses identified during the course of this self-assessment that you believe would bring benefits to the college then these should be included in the Improvement Plan.

You may wish to refer to your last Self-Assessment Report which should record strengths in respect of Leadership and Management.

The corporation through the operations of its finance and audit committees has ensured the college is financially sound and has a sound system of internal control. The college has invested £x in the last three years in improving its facilities and increasing the range of its provision. The results of this investment are now being seen as our success rates in the areas benefiting from this investment have risen from.... to.....

We have self-assessed ourselves as grade 2 for Leadership and Management and in reaching that self-assessment we have had regard to our financial management and control arrangements which we believe to be good.

The information the SMT receives allows them to take decisions about improving value-for-money (sub-contracting reports; value-for-money reports from the internal auditors).

We are committed to controlling the college’s costs as evidenced by our rigid scrutiny of the income/staff costs ratio.

The performance of our sub-contractors is closely monitored and contracts are not renewed if performance is viewed as unacceptable.

Area 1. Accountability Arrangements –A Self-Assessment of each Section and overall assessment for Area

Area 1. Section 1: Strategic Oversight	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)
Area 1. Section 2: Operational Oversight	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)
Area 1. Section 3: Sub-contracting Arrangement if applicable)	SATISFACTORY (delete as appropriate and enter into Part 1 – Summary of Grades)
Area 1. Accountability Arrangements	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)

Area 2. Financial Planning Arrangements: Financial planning arrangements should contribute to the proper, economic, efficient and effective use of resources

Please answer all the questions in Area 2 by providing a “Yes”, “No” or “N/A” answer. There has to be evidence to support each “Yes” answer. You can specify briefly the evidence supporting each answer in the third column below. Furthermore, the Skills Funding Agency and YPLA believe it would be useful if you keep an Evidence File at the college to support all your “Yes” answers. We suggest that every “No” answer is treated as a weakness or an area for improvement and carried forward to the Improvement Plan unless you believe the implementation of such will not produce any additional benefits. If this is the situation then this fact should be recorded in the Evidence column. Furthermore, we suggest that if there is a “N/A” answer a brief explanation as to why this is the case should also be recorded in the Evidence column.

Area 2. Section 1: Long-term Financial Planning

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<p>1 Is the three year financial plan:</p> <ul style="list-style-type: none"> • prepared in accordance with published instructions? • prepared in accordance with an approved timetable and process?; • approved by the Corporation before the beginning of each financial year?; and • does the first year of the three year financial plan correspond to the annual budget for the coming financial year approved by the corporation at the same time? 	<p>Yes Yes Yes Yes</p>	<p>We have always prepared the three year plan in accordance with published instructions and our own timetable and this ensures that before it is submitted to the relevant body it is:</p> <ul style="list-style-type: none"> • appropriately considered by the SMT; • appropriately considered by the finance committee; and • approved by the corporation..
<p>2a Does the three year financial plan take account of future uncertainties and their potential financial impact, including the use of sensitivity analysis?</p>	<p>Yes</p>	<p>As noted above we do follow the published guidance when preparing the three year plan so we do address those areas mentioned in the question. Evidence – three year financial plan</p>
<p>2b Are these uncertainties clearly reflected in the college's risk management register? <i>If any of these uncertainties have ever materialised could you please provide us with the details</i></p>	<p>Yes</p>	<p>See risk register</p>
<p>3a Does the commentary supporting the three year financial plan identify its self-assessed financial health and explain any variance from the computed financial health</p>	<p>Yes</p>	

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
group?		
3b Has the Skills Funding Agency agreed this financial health assessment based on the three year plan?	Yes	Letter from..... dated 31.10.2010.
3c Does the principal inform the corporation of the confirmation of the college’s self-assessment of its financial health?	Yes	Done when the three year plan is approved by the corporation.
3d <i>Have any recent changes in the college’s financial health been in accordance with established plans and priorities?</i> <i>A “N/A” will be appropriate if there have been no recent changes.</i> <i>If you provide a “No” answer then please explain why the changes in the college’s financial health have occurred.</i>	N/A	No recent changes in the college’s financial health which remains “outstanding”.
4 Does the three year financial plan approved by the Corporation demonstrate that the Corporation will meet its responsibilities under the Articles of Government to ensure : • the effective and efficient use of resources; • the solvency of the college; and • the safeguarding of its assets?	Yes	Our financial health is “outstanding” and will remain so throughout the duration of the plan. The Corporation always takes account of the college’s mission when approving the plan.
5 <i>In respect of the areas that the college has direct control over, have the three year financial plans that were developed in the last three years proved to be reasonably accurate?</i>	Yes	We obviously cannot cater for changes in funding levels brought about by Government policy
6a <i>Has the most recent three year financial plan been subject to only positive comments from the Skills Funding Agency?</i> <i>If there have been any adverse or critical comments then please provide details of these.</i>	Yes	See letter dated...
6b <i>Have the comments from the Skills Funding Agency on the college’s financial plan been shared with the finance committee and/or Corporation?</i>	Yes	Finance committee on.....

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and the YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.		
<p>7 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment?</p> <p>If “Yes” please provide a brief description of the evidence of these controls.</p>	No	

Area 2. Section 2: Short-term Financial Planning

The changes and/or amendments to last year’s questions are shown in italics.

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
1 Is there is a documented timetable and process in place for the production of the annual budget?	Yes	Documented process which cover preparation of the financial plan as well as the annual budget, is on the Evidence File.
2 Was the last annual budget approved by the Corporation before the beginning of the academic year to that it relates?	Yes	The meetings of both the finance committee and corporation are scheduled so that the former can considered in depth the draft budget document before recommending the approval of it by the corporation.
3 Is there sufficient management involvement in the budget setting process to lead to ongoing ownership of the budget by college managers?	Yes	<p>The director of finance, or the financial controller, meets with the main budget-holders as part of the budget setting process. These people are thus made aware of the constraints under which the annual budget is prepared and thus they appreciate how the budget given them was prepared and determined.</p> <p>These meetings with the main budget-holders continue throughout the year too when the reports the budget-holders receive form the basis of the discussions. Due to these procedures we believe there is ownership of the budget by the budget-holders.</p> <p>Evidence – schedule of meetings held with the main budget-holders as part of the preparation of the annual budget.</p>
4 Is the preparation of the annual budget underpinned by documented assumptions that have proved realistic and soundly based in the past?	Yes	We attempt to make the annual budget as realistic as possible based on past experience. The fact that the budget is only reviewed once a year indicates it has been traditionally soundly based. The assumptions underpinning the annual budget are documented and these form part of the budget documents presented to the corporation for approval at its July meeting.

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<i>Please identify any new assumptions relating to the college’s last budget.</i>		Evidence – budget documents presented to the corporation. New assumptions this year were: <ul style="list-style-type: none"> •
5 Does the annual budget adequately take account of known sensitivities and risks? <i>Please identify any new sensitivities relating to the college’s last budget.</i>	Yes	Covered in question 4 above.
6 Does the Corporation set key financial performance indicators each year and monitor progress against these?	Yes	Evidence File
7 Are separate budgets prepared for significant projects, commercial ventures and for capital expenditure?	Yes (when needed)	No significant schemes at the moment.
8a If the annual budget has proved to be unrealistic and/or inaccurate, has appropriate action been taken on a timely basis to revise the budget?	N/A	We undertake a mid-year review in accordance with our normal operating procedures and have not needed to undertake any further reviews.
8b Can you confirm that no events have occurred during the year which had not been planned for (any such events may indicate the original budget was not as accurate/valid as originally envisaged)? <i>If any such events have occurred then please provide details.</i>	Yes	
9a If the budget was revised during the year, were these revisions explained to, and approved by the Corporation?	Yes	The revised, mid-year budget is subject to the same approval process as the original budget.
9b Did the corporation express any concerns about the revisions made and request further information and/or action?	N/A	The finance committee always considers the revised, mid-year budget before recommending it to the corporation for approval. A detailed report supports the revised budget and this has always contained sufficient information to satisfy the requirements of both the finance committee and the corporation.
10a Is the college’s budget underpinned by a detailed system of course costing and contribution analysis?	Yes	We have a course costing system.
10b If the college has any under-performing activities/courses etc, has this information been shared with governors? <i>Please provide brief details of these under-performing activities/courses etc</i>	Yes	The corporation has been informed of the following matters: <ul style="list-style-type: none"> •

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and the YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.		
11 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment? If “Yes” please provide a brief description of the evidence of these controls.	No	

Area 2 - Summary of the Effectiveness of the Financial Planning Arrangements	
<p>Can you please summarise briefly below how effective your financial planning arrangements are in achieving the stated objectives : “Financial planning arrangements should contribute to the proper, economic, efficient and effective use of resources.” Please identify strengths in terms of positive impacts and outcomes. The evidence to support the strengths should be included in the Evidence File. If there are any areas of improvement and/or weaknesses identified during the course of this self-assessment that you believe would bring benefits to the college then these should be included in the Improvement Plan.</p>	
<p>The three year plan which is prepared in accordance with relevant guidance demonstrates that the college will remain financially successful. The 2nd and 3rd year of the plan are in our view realistic at the time we prepare the plan. However, if fundamental changes occur in the assumptions under-pinning the plan then when the following year’s plan is prepared we do inform governors via the commentary in the plan, what has changed the reason for the changes and how we will deal with them. The college traditionally generates operating surpluses and this trend will continue through the life of the current plan. There is extensive input from the governors in the preparation of the plan. The plan demonstrates that the college is investing its resources to serve learners. Our annual budget, which is prepared in accordance with a well documented process and involves all relevant staff, has proved historically reliable. The budget is only revised once per year which indicates it is a realistic and accurate document. We do have plans in place for the use of our cash balances. We believe the financial targets we have are suitable and appropriate and achievable</p>	
Area 2. Financial Planning Arrangements - Self-Assessment of each Section and overall assessment for Area	
Area 2. Section 1: Long-term financial planning	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)
Area 2. Section 2: Short-term financial planning	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)
Area 2. Financial Planning Arrangements	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)

Area 3. Internal Control Arrangements: Adequate and effective internal control arrangements should be in place to safeguard and protect Skills Funding Agency (and YPLA) funds

Please answer all the questions in Area 3 by providing a “Yes”, “No” or “N/A” answer. There has to be evidence to support each “Yes” answer. You can specify briefly the evidence supporting each answer in the third column below. Furthermore, the Skills Funding Agency and YPLA believe it would be useful if you keep an Evidence File at the college to support all your “Yes” answers. We suggest that every “No” answer is treated as a weakness or an area for improvement and carried forward to the Improvement Plan unless you believe the implementation of such will not produce any additional benefits. If this is the situation then this fact should be recorded in the Evidence column. Furthermore, we suggest that if there is a “N/A” answer a brief explanation as to why this is the case should also be recorded in the Evidence column.

Area 3. Section 1: Risk Management

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
1 Are there appropriate arrangements for governors to oversee the college’s risk management system?	Yes	The risk register is reviewed regularly by both the SMT and the corporation. Furthermore, the corporation has assigned responsibility to each of its committees for monitoring and reporting on risk as appropriate to its function. Evidence – minutes of corporation and its committees
2 Is there an approved risk management policy in place?	Yes	The college has a comprehensive risk management policy. The director of finance has lead responsibility for the risk management process and he is in charge of our risk management team. The deliberations of this team (minutes are kept) are feedback to the SMT. Evidence – Risk management policy; minutes of risk management team.
3 Are there appropriate arrangements in place for the identification and assessment of risks at the corporate and operational level?	Yes	See comments in question no. 1 above. There are regular reviews of our risk register by both governors and the SMT. If new risks are identified then these are added to the register. The director of finance coordinates this task of adding new risks to the register and then his actions are endorsed by the SMT. There is the normal traffic lights system used for scoring risks. Evidence – risk management register
<i>Please provide details of any risks which have arisen that had not been identified by the college and thus not included in the risk register.</i>	N/A	N/A
4 Have these arrangements proved to be successful?	Yes	No previously unrecognised material risks have been identified in last five years.
5 Is there a risk register that is subject to regular review?	Yes	See question no.1 above. Evidence – minutes of corporation and its committees.
<i>Please provide details of the review arrangements in</i>		

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<i>place.</i>		
6 Are appropriate actions being taken to address the most significant risks identified in the risk register? <i>Please provide evidence of action taken to address risks.</i>	Yes	The risk register identifies the most significant risks through the scoring system we use. We obviously then can concentrate on these significant risks. Evidence – risk register. The director of finance can explain what action is taken in respect of our significant risks
7 Are risk management arrangements fully embedded throughout the college?	Yes	See comments in previous questions.
8a When the internal auditors last reviewed the risk management processes, did they report at least a satisfactory level of assurance?	Yes	See internal audit report.
8b <i>Have all the recommendations raised by the internal auditors been implemented?</i>	Yes	
Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and the YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.		
9 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment? If “Yes” please provide a brief description of the evidence of these controls.	No	

Area 3. Section 2: Internal Control System

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
1a Have all the college’s auditors (including those of the former LSC) in the last year: <ul style="list-style-type: none"> provided clean audit opinions; and not identified any significant or fundamental control weaknesses? 	Yes	Overall positive opinion from our internal auditors in 2009/10 (see their Annual Internal Audit Report for 2009/10). The key issues raised in the 2008/09 external auditors’ management letter related to the college’s aborted capital scheme as opposed to control issues.

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<p>1b If significant or fundamental control weaknesses were identified, have appropriate actions been taken to address the weaknesses? If there have been no significant or fundamental control weaknesses identified then a “n/a” answer should be given.</p> <p><i>For those colleges which have had a funding audit, the outcomes of this audit need to be reflected here. A qualified opinion would represent a fundamental weakness.</i></p>	<p>N/A</p> <p>N/A</p>	<p>No fundamental weaknesses were identified by our internal auditors in 2009/10 (see their Annual Internal Audit Report for 2009/10).</p> <p>There were a few minor control issues raised by our internal auditors in 2009/10 which have not yet been addressed (included in the Improvement Plan).</p> <p>There were a few minor control issues raised by our external auditors in 2008/09 which have not yet been addressed (included in the Improvement Plan).. Note - All recommendations from our auditors are included in our Log of audit recommendations which is presented to every meeting of the audit committee. So that committee ensures action is taken by management to address all recommendations. The log presented to the last meeting of the audit committee on (date) is on the Evidence File. The college was not subject to an audit of its 2008/09 funding claim.</p>
<p>2. Have the financial statements auditors been able to certify the college’s financial statements <i>in accordance with established timescales</i> without the need to make significant adjustments, identified during the course of the external audit, to the draft version given them?</p> <p><i>Any late signing of the financial statements should be identified here. Please specify the reasons for this.</i></p>	<p>Yes</p> <p>N/A</p>	<p>The external auditors did not have to make any adjustments to the draft 2009/10 financial statements presented to them.</p> <p>The financial statements were signed on....December 2009 after being presented and approved by the Corporation at its meeting on...December 2009.</p>
<p>3a Are there robust arrangements in place to ensure that ILR data is accurate complete and valid (For example, the use of Data Self-assessment Toolkit)?</p> <p>3b <i>Has the college’s ILR and student data system been subject to either an internal audit or a student numbers audit in recent years?</i></p> <p><i>There were 75 colleges which had a student numbers audit in 2008/09. At other colleges the internal auditors often review this system. If there have been no recent reviews then please explain the reason for this.</i></p>	<p>Yes</p> <p>Yes</p>	<p>The college’s ILR and student data system has been subject to internal audit review in both 2007/08 and 2009/10 and no significant issues were identified by our internal auditors [Name of internal auditors]- these are one of the firms who were contracted by the LSC to carry out the 2008/09 funding audits and are thus very experienced in this area).</p>
<p>4 Does the college have a whistle-blower policy which is available to all staff?</p>	<p>Yes</p>	<p>The policy which is available on the college’s intranet, was approved by the Corporation on.....</p>

Question	Yes/No/N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<p>If there have been any incidents of whistle-blowing, has appropriate action been taken, in accordance with the above policy, to address the situation? If there have been no incidents of whistle-blowing then a”n/a” answer should be given.</p>	N/A	
<p>5 Does the college have a fraud policy which is readily available to all staff? If any frauds have occurred has appropriate action been taken, in accordance with the above policy, to address the situation? If there have been no frauds then a”n/a” answer should be given.</p>	<p>Yes</p> <p>N/A</p>	<p>The policy which is available on the college’s intranet and reflects the requirements of the LSC’s Audit Code of Practice, was approved by the Corporation on.....</p>
<p>6 Are the financial regulations and procedures reviewed <i>by both management and the college’s internal auditors</i> each year <i>and once these have been updated and/or revised</i> are these approved by the Corporation <i>after consideration by the finance or audit committee?</i></p>	Yes	<p>Financial regulations were reviewed in 2009/10 due to the changes that were coming to the sector and the internal auditors were involved in this process. The revised financial regulations were considered by the finance committee on [date] and then approved by the Corporation on [date]. A copy of the report presented to the finance committee on this matter has been placed on our Evidence File. A copy of the revised financial regulations can be obtained from the college’s intranet.</p>
<p>7 <i>Are all the student data returns submitted to the Skills Funding Agency (and previously the LSC) accurate?</i></p>	Yes	
<p>8 Are documented procedures and/or policies in place that cover all the key areas in respect of the administration of Skills Funding Agency (and YPLA) funded learners?</p>	Yes	<p>Documented procedures are in place.</p>
<p>Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and the YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.</p>		
<p>9 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment? If “Yes” please provide a brief description of the evidence of these controls.</p>	No	

Area 3 - Summary of the Effectiveness of the Internal Control Arrangements

Can you please summarise briefly below how effective your internal control arrangements are in achieving the stated objective:
 "Adequate internal control arrangements should be in place to safeguard and protect Skills Funding Agency and YPLA funds."
 Please identify strengths in terms of impacts and outcomes. The evidence to support the strengths should be included in the Evidence File. If there are any areas of improvement and/or weaknesses identified during the course of this self-assessment that you believe would bring benefits to the college then these should be included in the Improvement Plan.

Our internal control system is sound and both governors and staff are committed to ensuring this remains the case. During the absence of a funding audit we ensured our internal auditors reviewed our student numbers system and the results of these reviews were positive. A few recommendations were raised and we have implemented these.
 The audit committee has established a framework for internal audit, based on risk and priorities, which ensures that they review strategic areas of importance in the college
 The number of recommendations raised by our internal auditors has fallen in recent years, which demonstrates our commitment to addressing any weaknesses we are made aware of. Their follow-ups reports provide evidence of positive action by management to address weaknesses.
 We have also engaged our internal auditors to undertake, outside their normal audit plan, a separate value-for-money study for each of the last two years. The internal auditors have looked at our purchasing arrangements and estate management. In respect of the former we are looking to enter a purchasing consortium whilst the latter has identified some properties which are no longer viewed necessary for our on-going operations and we will be looking to dispose of these in the next six months.

Area 3. Internal Control - Self-Assessment of each Section and overall assessment for Area

Area 3. Section 1: Risk Management	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)
Area 3 .Section 2: Internal Control System	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)
Area 3. Internal Control Arrangements	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)

Area 4. Financial Monitoring Arrangements: Financial Monitoring arrangements should enable management to monitor, control and improve financial and contractual performance effectively

Please answer all the questions in Area 2 by providing a “Yes”, “No” or “N/A” answer. There has to be evidence to support each “Yes” answer. You can specify briefly the evidence supporting each answer in the third column below. Furthermore, the Skills Funding Agency and YPLA believe it would be useful if you keep an Evidence File at the college to support all your “Yes” answers. We suggest that every “No” answer is treated as a weakness or an area for improvement and carried forward to the Improvement Plan unless you believe the implementation of such will not produce any additional benefits. If this is the situation then this fact should be recorded in the Evidence column. Furthermore, we suggest that if there is a “N/A” answer a brief explanation as to why this is the case should also be recorded in the Evidence column.

Area 4: Financial Monitoring Arrangements

Question	Yes/No N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<p>1a Is a defined suite of financial reports produced on a timely basis each month that enable governors, the principal and managers to exercise their financial responsibilities? <i>If the financial reports are not prepared every month then this fact needs reporting here.</i></p>	Yes	<p>See comments below.</p> <p>We do not produce financial reports in August.</p>
<p>1b Do these financial reports <i>always</i> include accurate, reliable and up-to-date management accounts, budget holder reports, and reports on resource usage and income indicators (for example, staff costs as a percentage of income, staff utilisation and space utilisation)? <i>If there were any months when the financial reports produced were not as complete as they should have been then please report this matter here.</i></p>	N/A	<p>Management accounts are produced monthly except for August, in accordance with a defined timetable (we aim to produce them within ten working days of the period end). The management accounts are presented to the SMT, and to all the meetings of the finance committee. Furthermore, the corporation also considers them on a quarterly basis. The minutes of the finance committee and corporation evidence the governors’ consideration of the management accounts. Separate reports are also produced on a monthly basis for budget-holders. Evidence – monthly management accounts & budget-holder reports</p>
<p>2 Do these reports <i>always</i>: a) include performance in the year to date?</p>	Yes	<p>Performance to date features in both the management accounts and the reports for budget-holders. We try to ensure these reports identify the areas where performance is below that expected so action can be taken to address such. Evidence – monthly management accounts & budget-holder reports</p>
<p>b) compare performance against the annual budget?</p>	Yes	<p>If there are any significant variances then these are discussed in the commentary which supports the management accounts</p>

Question	Yes/No N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
c) compare performance with previous periods or years in order that trends can be identified and considered? <i>If there is no such comparison then please explain the reasons for this.</i>	Yes	
d) highlight and explain all key variances?	Yes	There is a detailed and user –friendly commentary prepared as part of the management accounts.
e) provide a projected year-end out-turn and indicate progress against key <i>financial</i> objectives <i>and/or</i> targets?	Yes	One of our key targets is the staff/income ratio. We have set this at 65% in accordance with the sector norm. We have a number of staff on short-term contracts and if it looks like we are going to approach and/or exceed this ratio, then it is fairly straightforward to instigate action to reduce staff costs.
f) include a written commentary that is sufficiently detailed to draw users’ attention to any key variances that have arisen, explaining the cause?	Yes	See (d) above. Governors have commented positively on the contents of the commentary as it helps them make informed decisions.
g) outline what actions management is going to take to address these variances? <i>Please refer to any examples of where these reports have been used to address variances or support decision making elsewhere, for example, under-performing areas.</i>	Yes	The commentary to the management accounts does outline what action is to be taken, if required, to address variances. Many of the decisions about what action to take are made at the meetings of the SMT and the decisions made at this forum are then included in the commentary so governors are aware of what management is doing to deal with variances. Sometimes the approval of the finance committee and/or corporation are required before action can be taken and if this is the case the commentary, as noted in the previous question, makes this clear. Evidence – SMT minutes and commentary to the management accounts. See 2.2.10b
h) provide a cash flow forecast covering at least the next 12 months?	Yes	Our rolling 12 month cash-flow forecast has proved very reliable and it has enabled us to invest our spare cash balances and generate investment income. Evidence – monthly management accounts.
i) include a separate report on the college’s capital expenditure against budget?	N/A	No capital expenditure at the moment. However, in previous years when we had a capital programme in place this information was provided.
3. Is the annual budget in the reports presented to governors the same budget as was originally approved by the corporation? If not, were the amendments to the budget documented and approved as required by the financial regulations?	Yes	Obviously the revised, mid-year budget once approved replaces the original annual budget
4a Are the management accounts presented to governors and those used by the principal and other managers, materially consistent?	Yes	Same

Question	Yes/No N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<p><i>4b Have the governors ever commented on the suitability of the financial information provided to them? If so, were there any changes made to the financial information provided?</i></p>	Yes	<p>There is an annual review of all information, including finance, presented to governors. No concerns have been expressed about the quality of the financial information made available to them because it already enables them to take decisions when such is required.</p>
<p><i>5a Was the projected out-turn for the end of July 2010 as per the last management accounts produced materially consistent with the end-of-year financial statements?</i></p> <p><i>5b Was a reconciliation performed between the out-turn as per the July 2010 management accounts and the financial statements which identified variances, and was this reconciliation provided to governors?</i></p>	Yes.	See comments below.
<p><i>6a. Does the finance committee (if extant) and/or corporation receive a report at the end of the year that compares the financial outturn with forecasts made during the year and explains the reason for any major variances?</i></p> <p><i>6b Did the out-turn forecasts included in the management accounts prove reasonably accurate during the year?</i></p>	N/A	<p>We do not prepare such a report as we do not feel it would bring any added benefit to us. The governors receive the monthly management accounts and supporting commentary and are thus aware of the college’s current financial position.</p>
<p><i>7 Has the college’s financial position in the last 12 months been consistent with that which was planned for?</i></p> <p><i>If there has been any deterioration in the college’s financial health which was not planned for then please provide details.</i></p> <p><i>If the college has been issued with a Financial Notice to Improve then the reasons for this need to be documented here.</i></p>	Yes.	<p>During 2009/10 our outstanding financial health position was maintained as we planned for.</p>
	N/A	
	N/A	

Question	Yes/No N/A	Evidence – a description of the evidence held to support a “Yes” answer is needed here
<p>Final Question - This is where a college has controls in place that are not referred to specifically by the questions asked above. Obviously the Skills Funding Agency and the YPLA want to be made aware of these controls especially if their effectiveness is important in justifying the proposed self-assessed grade. Colleges should therefore refer to these additional controls, provided documentary evidence exists to support them and when they complete the Summary of the Effectiveness Section they also need to refer to their effectiveness.</p>		
<p>8 Are there any other controls in existence in this Section that while not mentioned above are relevant for the purpose of self-assessment? If “Yes” please provide a brief description of the evidence of these controls.</p>	<p>NO</p>	

Area 4- Summary of the Effectiveness of the Financial Monitoring Arrangements

Can you please summarise briefly below how effective the financial management and control arrangements are in achieving the stated objectives: "Financial Monitoring arrangements should enable management to monitor, control and improve financial and contractual performance effectively."
Please identify strengths in terms of positive impacts and outcomes. The evidence to support the strengths should be included in the Evidence File. If there are any areas of improvement and/or weaknesses identified during the course of this self-assessment that you believe would bring benefits to the college then these should be included in the Improvement Plan.

The college is financially successful. 2009/10 was the...successive year that we have made a surplus and our reserves now total £.....

The user friendly commentary supporting the management accounts identifies any key variances and explains why such as occurred and what action is proposed to deal with such. Both governors and the SMT are aware of poorly performing areas within the college and thus can decide upon what action to take. When action is agreed upon to address variances etc both the minutes of the SMT and finance committee evidence the follow-up action. We have provided above examples where decisions to save money were taken based on the quality of the financial information we have. We contracted out the catering function and we will continue to look at different aspects of our operations to see if anything else can be contracted out.

There are effective working relationships between our finance function and the budget-holders. This commences with the preparation of the budget which ensures there is ownership of it, and continues through the monitoring of actual expenditure throughout the year. The budget holders meet with their named finance contact on a regular basis to discuss progress against budget. If the director of finance has any major concerns about particular budget over-spending or under-spending then the SMT is informed of them. Our procedures have prevented significant over-spending in the past.

Our cash flow forecasting has proved very reliable so we have been able to invest our spare cash balances in accordance with our documented investment strategy and generate a significant level of investment income.

Area 4. Financial Monitoring - Self-Assessment of each Section and overall assessment for Area

Area 4. Financial Monitoring Arrangements	GOOD (delete as appropriate and enter into Part 1 – Summary of Grades)
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