

# **Indicative Examples of Grade Components for Further Education and Sixth Form College Corporations**

**Version 1**

**August 2011**

Of interest to college providers

## Notes

To assist further education and sixth form college corporations reach the correct self-assessed grade for their financial management and control arrangements, the Chief Executive of Skills Funding has issued this additional provider guidance document, *Indicative Examples of Grade Components* which lists, section by section, those components he and the YPLA would expect to see under the four grades used for self-assessment purposes. However, the lists are neither exhaustive nor prescriptive in what constitutes a grade component and they should not prevent providers identifying further components.

The “Satisfactory” grade has been set as the benchmark which means if a college simply complies with all the requirements of the *Instrument and Articles of Government*, the *Financial Memorandum*, the *Audit Code of Practice* and other regulatory requirements (if relevant) then this is the appropriate grade to choose. To select a “Good” or “Outstanding” grade, a college needs to demonstrate it goes beyond simple compliance and has evidence to demonstrate this.

This additional guidance document should be read in conjunction with the Chief Executive of Skills Funding’s main provider guidance document on the FMCE return, *Guidance on the self-assessment of a provider’s financial management and control arrangements using the Financial Management and Control Evaluation (FMCE) annual return*.

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	<b>OUTSTANDING</b> The processes and controls listed under the headings 'Satisfactory' and 'Good' plus many of the following characteristics should be in place and working efficiently and effectively	<b>GOOD</b> The processes and controls listed under the heading 'Satisfactory' plus many of the following characteristics should be in place and working efficiently and effectively	<b>SATISFACTORY ("the benchmark")</b> Generally complies with the majority of following processes and controls which are in place and working efficiently and effectively.	<b>INADEQUATE</b> Significant non-compliance with the <i>Instrument and Articles of Government</i> , the <i>Financial Memorandum</i> or the <i>Audit Code of Practice</i> or other regulatory requirement as appropriate, and/or an accumulation of any of the following
<b>Section 1: Strategic Oversight</b>	<ul style="list-style-type: none"> <li>- there is evidence to demonstrate that the Corporation always takes account of the College's mission when planning or making strategic decisions.</li> <li>- the College is viewed as Outstanding by Ofsted</li> <li>- all governance and strategic (corporate) policies have been determined with the vision, mission, objectives and strategic priorities explicitly taken into account.</li> <li>- the Corporation has considered the information provided to allow it to contribute to the review of the mission, and this information is based on informed consultation with the College's stakeholders.</li> <li>- the Corporation and Search Committee have in place proven arrangements for ensuring there is a balance between continuity of</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation periodically re-assesses the College's mission and its relevance, and the indicators used to assess whether the mission is being met.</li> <li>- the Corporation has determined a policy on how the College should consult the public and its stakeholders on the range and quality of the College's services.</li> <li>- the Corporation makes effective use of committees and each committee reviews its compliance with terms of reference at least annually.</li> <li>- there is evidence of transparent and accountable governance following the principles of Nolan and the Committee on Standards in Public Life.</li> <li>- the Corporation has formally agreed the types of decisions,</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation complies with the requirements of the <i>Instrument and Articles of Government</i>.</li> <li>- the Corporation has engaged a Clerk to the Corporation who fulfils the role independent of College management.</li> <li>- the Corporation assesses its own performance through self-assessment.</li> <li>- governors have received copies of the <i>Instrument and Articles of Government</i>, the Corporation's Code of Conduct and Standing Orders.</li> <li>- standing Orders and the Code of Conduct are reviewed regularly.</li> <li>- the skills audit of Governors is referenced to the Corporation's responsibilities under Article 3.</li> </ul>	<ul style="list-style-type: none"> <li>- the college's inspection outcomes are worse than those achieved at the previous inspection.</li> <li>- register of interests not updated annually.</li> <li>- skills audit not undertaken on a regular basis.</li> <li>- absence of Governors' skills in some key areas, for example, education, finance, legal, personnel, estates, business.</li> <li>- plans for the succession of Governors are not yet in place.</li> <li>- limited training for Governors.</li> <li>- there is little/no financial</li> </ul>

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	<p>knowledge and renewal of expertise in the Corporation membership.</p> <ul style="list-style-type: none"> <li>- the Corporation reviews governance and strategic (corporate) policies for their effectiveness, not just their compliance (and wording). This is part of timely, effective self-assessment.</li> </ul>	<p>included within a scheme of delegation, that are delegated to committees and the Principal/Senior Management Team(SMT) and those that are reserved for the Corporation, and this is set out in a clear up-to-date statement.</p> <ul style="list-style-type: none"> <li>- the Corporation reviews at least annually the effectiveness of the relationships between the Corporation, the Chair, the Clerk and the Principal.</li> <li>- there are arrangements in place for reviewing the performance of individual Governors.</li> <li>- the Search Committee regularly reviews the membership profile of the Corporation and has plans in place for the succession of Governors.</li> <li>- governors are appointed by the Corporation for different/ staggered periods of office.</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation regularly reviews its training needs and there is a programme of ongoing training and development for Governors on their responsibilities, including induction for new members.</li> <li>- the Corporation sets targets for Governors' attendance. These are reviewed regularly and action is taken on poor attendance.</li> <li>- there exists an annual schedule of Corporation and Committee business – ensuring key issues are considered at the appropriate time.</li> <li>- the Finance Committee (or equivalent) consists of Governors with appropriate expertise and knowledge.</li> <li>- there is an appropriate framework in place for appointment, pay and conditions</li> </ul>	<ul style="list-style-type: none"> <li>- leadership training for governors.</li> <li>- poor attendance at Corporation meetings.</li> <li>- no action taken on poor attendees.</li> <li>- governors re-appointed without appropriate scrutiny.</li> <li>- disproportionate level or inappropriate use of confidential business conducted by Corporation.</li> <li>- standing orders out-of-date and need reviewing.</li> <li>- terms of reference for committees need developing.</li> <li>- no training for the Clerk</li> </ul>

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		<ul style="list-style-type: none"> <li>- internal auditors provide full assurance after their reviews of corporate governance.</li> </ul>	<ul style="list-style-type: none"> <li>- of service for senior post holders and Clerk to the Corporation.</li> <li>- there is a documented appraisal for the Principal, senior post holders, and the Clerk to the Corporation completed each year.</li> <li>- agendas and all papers are issued on a timely basis, at least seven calendar days in advance.</li> <li>- financial implications are always taken in to consideration when making decisions.</li> <li>- Internal auditors provide substantial assurance after their reviews of corporate governance.</li> </ul>	<ul style="list-style-type: none"> <li>- to the Corporation.</li> <li>- independence issues with the Clerk to the Corporation.</li> <li>- the Clerk to the Corporation frequently does not attend/clerk committee meetings.</li> <li>- routine tabling of papers at Corporation and committee meetings.</li> <li>- terms of reference for committees are incomplete, or do not reflect a committee's responsibilities, or are inappropriate.</li> <li>- the audit committee does not function in accordance with the <i>Audit Code of Practice</i>.</li> <li>- Internal auditors raise</li> </ul>

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				some substantive issues after their reviews of corporate governance.
<b>Section 2: Operational Oversight</b>	<ul style="list-style-type: none"> <li>- the information that the SMT and the Corporation has on costs and performance helps it to make rigorous decisions about improving value for money (and examples of such decisions can be provided)</li> <li>- the SMT and Corporation reviews how the performance of the College compares with that of similar organisations, taking appropriate action.</li> <li>- there are clear processes for feedback, monitoring and reviewing the outcomes of decisions taken by the SMT and Corporation.</li> <li>- Ofsted views Leadership and Management at the College as Outstanding</li> </ul>	<ul style="list-style-type: none"> <li>- budgetary responsibility is delegated to staff within a defined framework of responsibility and accountability.</li> <li>- job descriptions for key staff (including Principal) are subjected to annual review to ensure they meet current requirements.</li> <li>- the Director of Finance is appropriately qualified, skilled and very experienced in FE matters.</li> <li>- there is clear evidence that the SMT and Corporation use financial information to plan and make decisions.</li> <li>- internal auditors provide full assurance after their reviews of financial systems.</li> </ul>	<ul style="list-style-type: none"> <li>- financial issues/ management accounts discussed/reviewed at all SMT meetings.</li> <li>- the Director of Finance is appropriately qualified and skilled.</li> <li>- both the finance and MIS function are appropriately staffed and relevant staff possess the requisite skills and experience.</li> <li>- job descriptions for key staff (including Principal) outline financial responsibility.</li> <li>- documented financial regulations and procedures, embedded in the College.</li> <li>- budget-holders are trained.</li> </ul>	<ul style="list-style-type: none"> <li>- principal fails to meet all his/her responsibilities outlined under the <i>Financial Memorandum</i>.</li> <li>- principal fails to manage the agreed budget and resources within annual estimates approved by the Corporation.</li> <li>- the College fails to notify the Agency of significant deterioration in its financial position.</li> <li>- Tending requirements as embodied in Standing Orders and/or Financial Regulations</li> <li>- inappropriate severance payments made to leavers – not affordable</li> </ul>

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			<ul style="list-style-type: none"> <li>- internal auditors provide substantial assurance after their reviews of financial systems.</li> </ul>	<ul style="list-style-type: none"> <li>and do not represent value-for-money – and process not concluded in accordance with the <i>Financial Memorandum</i>.</li> <li>- college companies not managed appropriately and/or public funds being used to support commercial loss making activities.</li> <li>- increases in the levels of senior management remuneration not justified in the context of the College's overall performance.</li> <li>- job descriptions for key staff (including Principal) do not outline financial responsibilities laid down in the <i>Financial Memorandum</i>.</li> <li>- job descriptions need</li> </ul>

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				<ul style="list-style-type: none"> <li>updating to meet current requirements</li> <li>- SMT does not consider the College's financial position.</li> <li>- finance function and/or MIS function – staff vacancies and skills gaps.</li> <li>- high staff turnover in finance and MIS functions.</li> <li>- college borrowings have not received, where appropriate, Agency consent.</li> <li>- budget-holders are not trained and/or not held responsible for their budgets.</li> <li>- the Director of Finance does not regularly</li> </ul>

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				attend SMT meetings. - financial regulations and procedures out-of-date, significantly breached or not appropriate. -

<p><b>Section 3: Sub-Contracting Arrangements</b></p>	<ul style="list-style-type: none"> <li>- the SMT and Corporation review the performance of sub-contractors against national, regional and local priorities and targets, acting appropriately on findings.</li> <li>- contracts awarded align with mission; deliver high standards of quality; successful outcomes for learners; and contribute positively to the Chief Executive of Skills Funding's priorities.</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation reviews each term a report from the SMT on sub-contracted provision.</li> <li>- the Corporation is fully aware of the Chief Executive of Skills Funding's sub-contracting guidance and ensures the College adheres to it.</li> <li>- sub -contracting arrangements have been subject to internal audit review and full/substantial assurance received.</li> </ul>	<ul style="list-style-type: none"> <li>- decisions to award contracts are supported by robust business plans, including risk analysis.</li> <li>- the sub-contractor returns required by the Funding Guidance are submitted to the Chief Executive of Skills Funding</li> <li>- SMT regularly reviews the performance of the sub-contracted provision.</li> <li>- there is financial vetting of sub-contractors.</li> <li>- partners chosen who can demonstrate they have capacity to deliver a high standard of education.</li> <li>- contracts which replicate the required terms and conditions, in place.</li> <li>- rolling programme of visits to sub-contractors.</li> <li>- unannounced visits to confirm learner existence and eligibility.</li> <li>- there are appropriate levels of monitoring of the quality of provision being provided by the contractor.</li> <li>- The systems of internal control used by the sub-contractors are checked prior to contract to ensure accountability and</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation and SMT have not exercised proper control over sub-contracting.</li> <li>- no, or insufficient, financial vetting of sub-contractors.</li> <li>- ongoing financial stability is not monitored.</li> <li>- partners chosen which have not demonstrated they have capacity to deliver a high standard of education.</li> <li>- no formal legally binding contracts in place between the parties.</li> <li>- no rolling programme of visits to sub-contractors to confirm learner existence and eligibility.</li> <li>- no monitoring of the quality of provision.</li> <li>- no checks on system of internal control at sub-contractors – standardised processes not used.</li> <li>- sub-contracting is not subject to formal internal review.</li> <li>- SMT do not receive</li> </ul>
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			<p>consistency of application common processes used.</p> <ul style="list-style-type: none"> <li>- lesson observation reports are reviewed by SMT.</li> <li>- learner survey questionnaires are reviewed by SMT.</li> </ul>	<p>regular reports on sub-contracted provision.</p> <ul style="list-style-type: none"> <li>- when sub-contracting is subject to Internal audit review issues have been raised.</li> </ul>
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<b>Section 1: Long-term Financial Planning</b>	<ul style="list-style-type: none"> <li>- the SMT and Corporation can demonstrate through minutes of meetings and other communications that they have been actively involved in the development of the three year plan.</li> </ul>	<ul style="list-style-type: none"> <li>- the financial plans for the College are intended to achieve effective long-term results and realistic financial projections, and include risk and sensitivity analysis.</li> <li>- the financial plans reflect a balance between short-term priorities and long-term strategic imperatives.</li> <li>- the three-year financial plan is designed to achieve clearly- stated long term strategic financial objectives.</li> <li>- financial objectives, targets and performance indicators have been established by the Corporation to support the College's strategic goals.</li> </ul>	<ul style="list-style-type: none"> <li>- documented three year plan ( &amp; annual budget) timetable and process in place</li> <li>- the Corporation approves the three-year plan, following advice from the Finance Committee (or equivalent).</li> <li>- assumptions used by the college in setting financial plans are credible.</li> <li>- plans show college will remain in/return to good financial health.</li> <li>- financial plans include future investment of resources to serve learners – accommodation, staff development, information and learning technology etc.</li> <li>- the college's planned levels of borrowings are appropriate for its needs and are affordable.</li> </ul>	<ul style="list-style-type: none"> <li>- Inappropriate assumptions applied to the preparation of the financial plans.</li> <li>- financial plans not reviewed and/or approved by Finance Committee (or equivalent) and Corporation.</li> <li>- the financial plan show college's financial health will deteriorate significantly and the college has not developed a strategy to deal with this.</li> <li>- the financial plan is not accepted by the Agency and major revisions to it are requested.</li> <li>- no planned Investment of resources to serve learners.</li> <li>- college's planned levels of borrowings do not seem appropriate for its needs – affordability of interest costs</li> </ul>

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				<p>and repayments is an issue.</p> <ul style="list-style-type: none"> <li>- college does not have sufficient working capital over period of the plan.</li> <li>- no long term capital budget in existence.</li> </ul> <p>assumptions used by college have been queried by the Agency and/or some of the assumptions have not proved credible.</p>
<b>Section 2: Short-term Financial Planning</b>	<ul style="list-style-type: none"> <li>- there is a full mid-year review of by the SMT and Corporation of the budget, financial targets and its relationship with curriculum delivery, the College's business objectives for the year, with key risks, variances, trends and scenarios highlighted and actions taken as necessary.</li> <li>- the Corporation is actively involved in the budget setting process before the annual budget is approved</li> </ul>	<ul style="list-style-type: none"> <li>- budget - setting process is aligned with curriculum activity.</li> <li>- all the main budget-holders are identified and all of these are involved in the budget setting process through one-to-one meetings with the director of finance or his/her deputy.</li> <li>- sensitivity analysis/contingency planning is rigorous.</li> <li>- the effectiveness of treasury management policies are reviewed</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation approves the annual budget on the advice of the finance committee before the start of the financial year to which it relates.</li> <li>- documented budget (&amp; three year plan) timetable and process in place.</li> <li>- there is some staff involvement in the budget- setting process.</li> <li>- Information supporting annual budget is adequate and</li> </ul>	<ul style="list-style-type: none"> <li>- budget - setting process is not aligned with curriculum activity.</li> <li>- budget holders are not involved in budget process or their involvement could be improved.</li> <li>- budget not reviewed fully by Finance Committee (or equivalent) and/or Corporation.</li> <li>- Information supporting annual budget could be significantly improved.</li> </ul>

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	<ul style="list-style-type: none"> <li>- the Corporation is fully aware of the assumptions and constraints under which the budget has been prepared.</li> </ul>	<ul style="list-style-type: none"> <li>- by the Finance Committee (or equivalent).</li> <li>- individual items in the capital budget are prioritised so that if everything cannot go ahead then only the key projects will progress.</li> </ul>	<p>appropriate.</p> <ul style="list-style-type: none"> <li>- sensitivity analysis/contingency planning is adequate.</li> <li>- cash flow forecasting is based on a rolling 12-month basis.</li> <li>- some financial targets which are relevant to the college do exist.</li> <li>- appropriate plans in place for the use of cash balances.</li> <li>- A separate capital budget exists.</li> </ul>	<ul style="list-style-type: none"> <li>- Insufficient sensitivity analysis/contingency planning.</li> <li>- no rolling 12 month cash flow forecast.</li> <li>- no plans in place for use of cash balances.</li> <li>- there are no, or only a few, financial targets and those that exist are not relevant to the college's needs.</li> <li>- late approval of the annual budget.</li> <li>- little information supporting annual budget.</li> <li>- annual budget not consistent with financial plan.</li> <li>- frequent changes made to annual budget that are not approved by Corporation.</li> <li>- budget not phased to reflect</li> </ul>

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				<p>projected outcomes based on activity and income flows.</p> <ul style="list-style-type: none"> <li>- no procedures in place to deal with any identified budget inaccuracies.</li> <li>- cash flow forecasting is not well developed.</li> <li>- no capital budget prepared.</li> <li>- revenue effects of capital budget not identified.</li> <li>- an unconventional, high risk investment strategy.</li> <li>- investment strategy does not secure appropriate returns.</li> </ul>

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<b>Section 1: Risk Management</b>	<ul style="list-style-type: none"> <li>- written reports and minutes of meetings demonstrate that the assessment of risk is an integral part of decision-making by the SMT and Corporation.</li> <li>- the Corporation considers annually whether the processes for identifying and managing risk are work effectively, and there is a monitored action plan to correct any deficiencies in the framework.</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation has established in the risk management policy a framework for delegation, based on risk, setting out the parameters and limits of authority for its committees, the Principal and the SMT.</li> <li>- the outcome of internal audit reviews of risk management are discussed at Corporation meetings with a report from the Audit Committee.</li> <li>- the Corporation has assigned responsibility to each of its committees for monitoring and reporting on risk as appropriate to its function.</li> <li>- there is evidence to demonstrate that risk management is embedded throughout the organisation.</li> <li>- there is an effective risk management team/group</li> </ul>	<ul style="list-style-type: none"> <li>- the Corporation has agreed a risk management policy for the College.</li> <li>- the Corporation has determined its level of risk appetite and this is reviewed annually.</li> <li>- the risk register is regularly reviewed by SMT and Corporation.</li> <li>- risk scores/ratings are based on an assessment of the net risk following controls assessments of the gross risk scores.</li> <li>- risk ratings are reviewed by the Corporation.</li> <li>- the Audit Committee has a defined role for ensuring that the processes and systems of control for risk management are robust and operating</li> </ul>	<ul style="list-style-type: none"> <li>- risk policy and risk register are out-of-date.</li> <li>- no or limited review of risk register by Corporation and SMT.</li> <li>- new risks are not recognised.</li> <li>- little or no action taken in respect of the most significant areas of risk.</li> <li>- no one has assigned responsibility for embedding risk management in the College.</li> <li>- no training and development on risk management for staff and Governors.</li> <li>- internal auditors provide a qualified opinion after their reviews of the risk management process.</li> </ul>

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		operating within the College.	effectively. - a member of the SMT has lead responsibility for risk management process. - new risks are recognised and action to control and/or mitigate risks is taken. - internal auditors provide full/substantial assurance after their annual reviews of the risk management process.	- person responsible for risk management process either not a member of, or does not report to, the SMT. - actions are not always focused on the most significant areas of risk. - risk ratings and actions are rarely challenged/questioned by Governors to ensure such are accurate and reflect correct status. - internal auditors identify material weaknesses after their reviews of the risk management process.
<b>Section 2: Internal Control System</b>	- all managers in the College understand the necessity for good internal controls and can communicate the various regulatory requirements to staff.  - the Audit Committee has established effective links and communications with the Internal	- no issues noted from this Section of the FMCE.  - the audit committee is actively engaged in the setting of the priorities for the internal audit plan, which is formally reviewed on an annual basis.	- Financial regulations & procedures – are comprehensive and reviewed regularly.  - ILR reviewed by internal auditors or by another review body & full/substantial assurance received.	- evidence of inappropriate use of public funds.  - Qualified ILR audit opinion  - ILR not subject to review by internal auditors and/or another review body.

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	<p>and External audit providers.</p> <ul style="list-style-type: none"> <li>- the audit committee has established a framework for internal audit, based on risk and priorities, which reviews strategic areas of importance in the college. Concerns are acted upon promptly and effectively.</li> <li>- full assurance provided on every system reviewed by the internal auditors.</li> </ul>	<ul style="list-style-type: none"> <li>- there is effective communication and regular reporting of matters raised by the audit committee to the corporation.</li> <li>- the audit committee provides a comprehensive annual report for the Corporation which accords with good practice for its approach and format.</li> <li>- the internal auditors are always informed of new organisational developments at the college.</li> <li>- the SMT considers draft internal audit plans before these are presented to the audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>- the SMT consider all audit reports.</li> <li>- the audit committee considers all audit reports including PFA reports.</li> <li>- no qualified reports and no fundamental issues have been raised by any of the college's auditors.</li> <li>- follow-up reports issued by auditors are positive – showing evidence that the College has taken positive action to address any identified weaknesses.</li> <li>- appropriate 'Whistle blowing' policy in place with responsibilities for all parties clearly defined.</li> <li>- appropriate fraud policy in place with responsibilities for all parties, including those of the internal auditors, clearly defined.</li> <li>- the audit committee fulfils all its</li> </ul>	<ul style="list-style-type: none"> <li>- two or more qualified audit opinions from internal auditors in previous 12 months.</li> <li>- ineffective internal auditors.</li> <li>- the audit committee does not ensure the external and internal auditors cooperate</li> <li>- the performance of the college's auditors is not monitored.</li> <li>- qualified reports and opinions stated by external auditors on either Regularity or Financial Statements audits, and a significant number of issues raised for remedial action.</li> <li>- qualified PFA report and opinion.</li> <li>- follow-up reports issued by auditors are negative – College has not taken all required action to address identified weaknesses in a timely manner.</li> <li>- evidence of fraud and irregularity</li> </ul>

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			responsibilities in <i>the Audit Code of Practice</i> .  - the audit committee sets appropriate performance indicators for both the Internal and external auditors and reviews these on a regular basis.	and internal auditors not informed. - no use of DSATs.  - no in-house (MIS team) data reviews. - SMT do not consider audit reports.

AREA 4	AREA 4: FINANCIAL MONITORING INDICATIVE EXAMPLES OF GRADES			
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<b>Financial Monitoring</b>	<ul style="list-style-type: none"> <li>- there is an annual review of the financial information reported to the SMT and Corporation, considering how the information can be improved and how the information can be used effectively when planning and taking decisions.</li> <li>- the quality of the financial information produced by the College enables the SMT and the Corporation to take timely strategic decisions and set realistic objectives and major priorities for the College.</li> <li>- the SMT and Corporation can demonstrate through minutes of meetings and other communications that they are able to explain effectively the reasons for financial decisions to all those who might be affected by them</li> </ul>	<ul style="list-style-type: none"> <li>- there is an open approach to both identifying and addressing areas of weak performance.</li> <li>- governors are made aware of poorly performing activities/areas so that they can consider if such represents an appropriate use of funds.</li> <li>- monthly management accounts are produced within 10 working days of the month end and made available to the SMT and Corporation at that time.</li> <li>- user friendly commentary supports the management accounts and it is sufficiently detailed to draw users attention to any key variances that have arisen, explaining why has arisen and outlining what action is to be taken</li> <li>- finance Committee (or equivalent) reviews periodically the format and content of the management</li> </ul>	<ul style="list-style-type: none"> <li>- corporation fully aware of College's financial position and, where appropriate, instigates action when financial targets are not met or significant variances occur.</li> <li>- the Finance Committee (or equivalent) meets regularly to review the financial performance of the College.</li> <li>- courses costed to ensure all make a contribution to overheads.</li> <li>- the college can demonstrate a record of managing its financial health effectively.</li> <li>- performance against financial targets is monitored.</li> <li>- close monitoring of cash flow.</li> <li>- management accounts of an adequate standard – reliable</li> </ul>	<ul style="list-style-type: none"> <li>- the corporation fails to ensure solvency of the College and fails to safeguards its assets.</li> <li>- management accounts are often produced late.</li> <li>- poor quality management accounts, for example, no cash flow forecast; no balance sheet.</li> <li>- limited commentary in management accounts – adverse &amp; positive variances not fully explained.</li> <li>- forecasting of outturn positions especially in respect of income could be improved.</li> <li>- no, or poor, reports produced for budget-holders – commitments not identified; budget outstanding not identified.</li> </ul>

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		<p>accounts to ensure the style of report and its content enables the SMT and Corporation to make rigorous decisions with a financial implication.</p> <ul style="list-style-type: none"> <li>- significant variances to the budget are reported to the Finance Committee (or equivalent), and the impact assessed.</li> <li>- the SMT and Finance Committee (or equivalent) considers the views of users in determining the content and format of the management accounts, and style of reporting.</li> <li>- there is effective communication and regular reporting of matters raised by the Finance Committee (or equivalent) to the Corporation.</li> <li>- budget holders meet regularly with named finance contacts to discuss progress against budget.</li> <li>- college's investments maximise income whilst safeguarding public</li> </ul>	<p>and but scope for improvement in respect of content and timeliness of production.</p> <ul style="list-style-type: none"> <li>- adequate reports produced for budget-holders – these also display commitments and budget available.</li> <li>- out-turn forecasts have proved reliable in the past.</li> <li>- a limited number of year-end adjustments, with low materiality, and all explained to Corporation and accepted.</li> <li>- the College's current levels of borrowings are appropriate for its needs.</li> <li>- capital projects completed on time and within budget (where college is in control of all key elements).</li> </ul>	<ul style="list-style-type: none"> <li>- no regular report to Corporation on the financial position of the College.</li> <li>- governors are not made aware of poorly performing activities.</li> <li>- governors not aware of what action are being taken to address adverse variances.</li> <li>- governors have not been consulted on format of management accounts.</li> <li>- reporting needs of budget-holders not considered.</li> <li>- budget holders not aware of key contacts among finance staff.</li> <li>- year-end adjustments to the draft financial statements not explained to Corporation.</li> <li>- Large number of unusual or exceptional items in Financial Statements.</li> </ul>

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		funds		- Financial statements prepared late – after Agency's deadline for submission.



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