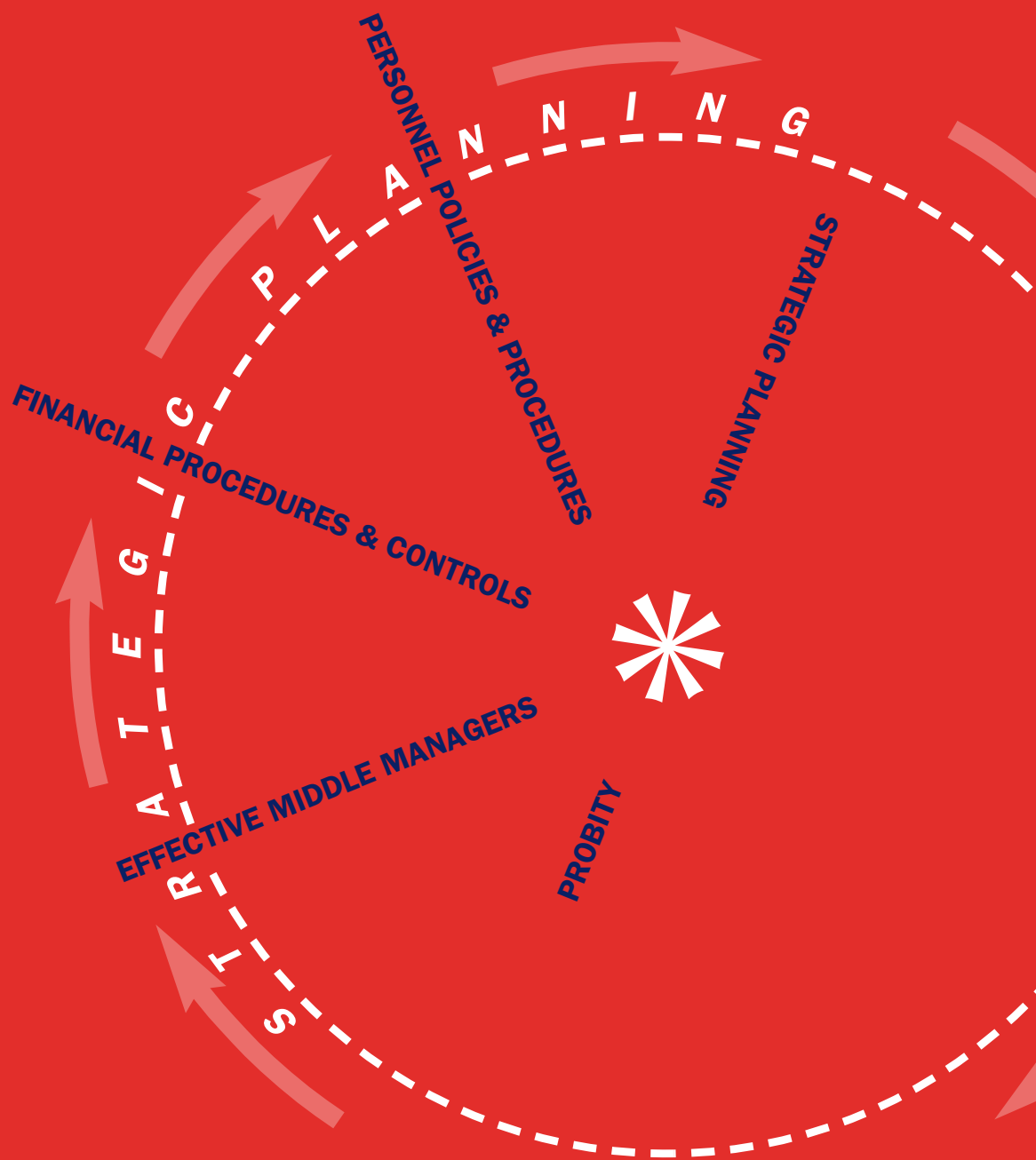


good governance & management at Thanet College



financial procedures & controls

INTRODUCTION

The FEFC Inspection of Thanet College in May 1998 assessed College Governance and Management as Grade 1 outstanding provision, which has many strengths and few weaknesses.

The College has been successful in bidding for resources under Strand 4 of the Standards Fund to develop this information pack as a contribution to sharing 'good practice' with other further education colleges in Kent. We are pleased to take this opportunity.

Our aim has been to produce material which conveys the overall nature and character of the approach which we follow at Thanet College without in any sense wishing to produce an A to Z guide. Our intention has been to make the pack useful, practical and supportive of colleagues in Kent and other colleges who believe there is a need to review their approach to aspects of management and governance.

The units in this pack cover the following governance and management issues:

- Strategic Planning
- Personnel Procedures and Policies
- **Financial Procedures and Controls**
- Probity
- Effective Middle Managers

COMMENTARY OF THE THANET COLLEGE INSPECTION TEAM

'The FEFC's audit service concludes that within the scope of its review the College's financial management is good. The College has developed a planning model for determining the provisional allocation of budgets for staffing and non-staffing areas to the divisions. Senior managers revise these provisional budget allocations in the Autumn, in the light of the actual student enrolments. The system provides an analysis of unit costs and a strategy improving efficiency in the deployment of staff. Budget holders receive accurate, timely reports and appropriate advice from the Finance Section. There is detailed and effective monitoring of the College's financial performance by managers. The College's financial regulation and financial controls manual are comprehensive.'

CORE PRINCIPLES

Our approach to financial management is underpinned by the following core principles:

- The financial management of the College is focussed upon supporting the strategic aims of the College described in the nine year Strategic Plan.



- Our financial procedures and controls must be predicated upon best practice and geared to adding value to the work of the College.
- The ability to adapt to on-going change in the wider environment in which the College operates.
- Financial responsibility and accountability has to be clear and unambiguous.
- Systems of accounting and control must provide the best framework to maximize responsible decision making and minimize the risk of financial irregularity.
- The need to satisfy both internal and external scrutiny of our management of College resources, particularly as we are a public body responsible for public funds.

KEY FEATURES OF THE THANET COLLEGE APPROACH TO FINANCIAL CONTROLS AND PROCEDURES

- The positive role of the Governing Body in setting the policy framework through which sound financial procedures and controls are managed.
- The Finance Section's Annual Operating Plan is geared to achieving targets described in the College's Strategic Plan.
- The acquisition of additional funding streams must be geared to complementing productivity and priorities defined in the College's Strategic Plan.
- Transparency of reporting systems meets the crucial need for probity and reduces further the risk of irregularity.
- External validation of the College's financial performance is regularly provided to ensure high levels of accountability and the availability of advice for achieving improved performance.
- Effective use is made of systems of accounting, which contribute to ensuring the College is run cost efficiently.
- Management Information Systems are designed to be user friendly and to support managers in the delivery of College targets set within the framework of the Strategic Plan.
- Managers are supported in their financial responsibilities through a robust framework of effective advice and guidance thus ensuring consistency of practice and effective management of resources throughout the College.
- Training and development needs of staff, related to their financial responsibilities, are continually reviewed and programmes implemented where necessary.
- Monthly meetings are held between the College Management Accountant and division/section heads to monitor, review and forecast financial performance across the College.



- On-going monitoring to ensure a close correlation between separate bottom-up and top-down financial monitoring.

ROLES AND RESPONSIBILITIES FOR FINANCIAL PROCEDURES AND CONTROLS

Governing Body

Sets the overall Strategic Plan for the College, which determines the broad framework for the operation of strategic financial management.

Finance Committee

Determines the specific policy framework in which strategic financial management, financial procedures and controls are managed within the College. Monitors the financial performance of the College.

Audit Committee

Has specific responsibility for ensuring the College audit arrangements are meeting the requirements of good practice and for receiving audit reports undertaken both externally and internally on a regular basis and reporting their findings to the full Governing Body.

Principal

Oversees and manages the operation of the College's financial management and performance, financial procedures and controls.

Director of Finance and Corporate Services

Direct operational responsibility for the strategic financial management of the College. Reports to the Board, Finance Committee and Audit Committee in relation to their responsibilities for financial policy and performance.

Management Accountant

Assists in the preparation, monitoring and reporting of annual divisional budgets and the annual forecast required by the FEFC.

Financial Accountant

Manages the day to day financial and purchasing operations and provides support in the strategic management of the College.

Senior and Middle Managers

Ensure the contribution of their division/section to the Annual Operating Plan is underpinned by the principles of good financial management on a day to day basis to ensure they operate within the framework laid down within the College's financial procedures and controls.



TIMETABLE

November– January /February	– draft course plans produced for the next Academic Year. Preparation and submission of College funding to FEFC (Units bid) application.
April	– detailed manpower planning round, capital applications (in excess of £3000) submitted by sections.
May	– draft section budgets produced drawing upon course plans/contributions model/indicative manpower.
May	– framework budget prepared reflecting predicted out-turn information and changes in income and expenditure. Matched with bottom-up information.
May	– Finance Committee considers framework budget relating to a three year planning context.
June	– Board considers the working framework budget as the envelope in which the final budget should be determined. Interim pay award considered.
June	– FEFC allocation confirmed.
September	– budget figures reviewed and revised to reflect actual student numbers, reallocation of College resources within the overall framework position.
October	– Finance Committee agrees updated budget consistent with bottom line, key ratios reviewed e.g. pay as percentage of income, solvency indicators.
November	– Board confirms final College budget.

SUPPORTING DOCUMENTS**Terms of reference of the Board's Finance Committee and Audit Committee**

We would be willing to share other relevant information/documentation on request.

YOUR RESPONSE TO THIS PACK

Our commitment is to respond to colleges who may wish to pursue an interest with us in using any of our ideas or information.

We are continually reviewing and modifying our management and governance capability in the clear recognition of its value in achieving better outcomes in College performance and effectiveness. Should you wish to comment upon the information contained in the pack we would be pleased to hear from you. Contact either Bryan Mitchell, project co-ordinator or Teresa Fitzgerald on 01843 605000 or Email: principal@thanet.co.uk

