

Board of Management Audit and Assurance Committee

Date of Meeting	Wednesday 16 September 2020
Paper No.	AAC1-H
Agenda Item	5.3.2
Subject of Paper	Internal Audit Report – Budgetary Control
FOISA Status	Disclosable
Primary Contact	Henderson Loggie
Date of production	September 2020
Action	For Discussion and Decision

Recommendations

The Committee is asked to consider and discuss the report and the management responses to the internal audit recommendations.

1. Purpose of report

The purpose of this review is to provide management and the Audit and Assurance Committee with assurance on key controls relating to the curriculum and financial plans in place for City of Glasgow College and their alignment with the regional plan for Glasgow and the college student number targets.

2. Context and Discussion

This internal audit of Budgetary Control provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

The Report includes a number of audit findings which are assessed and graded to denote the overall level of assurance that can be taken from the Report. The gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

3. Impact and implications

Refer to internal audit report.

City of Glasgow College

**Budgetary Control
2019/20**

Internal Audit Report No: 2020/09

Draft issued: 7 September 2020

Final issued: 10 September 2020

LEVEL OF ASSURANCE

Satisfactory

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Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of the Audit and Assurance Committee
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Management Summary

Overall Level of Assurance

Satisfactory

System meets control objectives with some weaknesses present.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the City of Glasgow College ('the College') Strategic Risk Register:

- Failure to achieve operating surplus via control of costs and achievement of income targets; and
- Failure to manage acute threats relating to coronavirus outbreak

Background

As part of the Internal Audit programme at the College for 2019/20 we carried out a review of the systems in place for budgetary control. The Audit Needs Assessment, completed in March 2017, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

Budgets are set annually, with the staffing budget quantified centrally based on the staff required to deliver the agreed curriculum, and non-staffing budgets being agreed between Finance staff and budget holders and managers in order to determine an adequate overall budget position. The budget is reviewed by the Finance and Physical Resources Committee and approved by the Board of Management (BoM).

The agreed budgets are loaded into the College's finance system, BluQube. Budget holders and managers are provided with monthly budget monitoring reports generated from BluQube, These detail actual spend against planned, and variances. In addition, BluQube enables budget holders and managers to view their budget versus actual spend using a dashboard and more graphic interface. BluQube is updated overnight from the PECOS system, which also includes the information on spend and commitments. It also has the functionality to enable budget holders and managers to investigate individual spend items. The College Management Accountant holds meetings with budget holders and managers during the year to discuss progress and identify reasons for budget variances.

Regular reports on budget variances and forecast outturn are provided to the Finance and Physical Resources Committee and the BoM.

Budgetary Control

Scope, Objectives and Overall Findings

This audit examined the College's budgetary control practices and protocols. It specifically considered budget monitoring procedures in place centrally and within a sample of Faculties and Support Services, as well as cash flow reporting to senior management and the Board, the Glasgow Colleges' Regional Board and the Scottish Funding Council (SFC).

The table below notes each separate objective for this review and records our results:

Objective	Findings			Actions already planned	
	1	2	3		
The objectives of the audit were to gain reasonable assurance that:					
		No. of Agreed Actions			
1. Budgets are controlled in accordance with the Financial Regulations and procedures	Satisfactory	0	0	1	
2. Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change, or funding targets are not achieved	Satisfactory	0	1	1	
3. Information is available to management in Faculties and Support Services which is up-to-date and in a format that can be easily understood	Satisfactory	0	0	0	✓
4. Budget holders have the necessary skills for managing budgets	Satisfactory	0	0	1	
5. Budget variations are reported and acted upon	Good	0	0	0	
6. There is accurate cash flow reporting	Good	0	0	0	
7. Senior management and the Board regularly review the College's overall financial position	Good	0	0	0	
Overall Level of Assurance	Satisfactory	0	1	3	
		System meets control objectives with some weaknesses present.			

Audit Approach

The Head of Finance, Management Accountant and a sample of budget holders in Faculties and Support Services were interviewed, and reports reviewed, to determine current working practices in budget monitoring, and the information and training provided to budget holders.

The processes used to prepare cash flow reports for senior management and the Board, the Glasgow Colleges' Regional Board and the SFC were determined through discussion with Finance staff and review of supporting working papers.

We also established and reviewed the budget monitoring information provided to the College's Executive Leadership Team (ELT), its Senior Management Team (SMT), the Finance and Physical Resources Committee and to the BoM.

Summary of Main Findings

Strengths

- Financial Regulations are in place and are up to date (last updated in October 2019);
- The annual budget is prepared and approved in line with the Financial Regulations;
- There is an established budget setting process in place within the College with a timetable set out to complete and approve the annual budget;
- Due to the current uncertain situation with Covid-19 the College has based its budget assumptions around scenarios for best, realistic and worst-case outcome and set its 2020/21 budget on a realistic outcome of a £3.1m deficit at year end;
- The College has identified savings in its annual expenditure with a reduction of 5% of spend on goods and services, and is developing further contingencies in case the financial situation deteriorates during the 2020/21 academic year;
- There are planned budget reforecasts in place during the year to review the budget as the actual financial position becomes clearer;
- Budget reports are provided to budget holders and managers on a monthly basis to allow them to monitor progress, with monthly consolidated reports provided to ELT members;
- Progress against the budgets is reported and discussed at the Board committees, the Finance and Physical Resources Committee, Development Committee (for Commercial Income) and the full BoM;
- Regular budget monitoring meetings are held between budget holders, budget managers and Finance staff;
- The budget reports provided to budget holders and managers include both detailed and summary information against phased budgets;
- Budget holders and managers have access to the BluQube system which provides daily updates on expenditure against their budget lines;
- The College has increased the level of delegation of its budget management process with over 50 budget holders and managers now in place: and
- Budget holders and managers advised that they had the necessary skills for managing their budgets.

Weaknesses

- Although there is an established budget setting process within the College this approach is not formally documented;
- In discussion with the budget holders and managers it was evident that they felt that the 5% goods and services reduction is manageable. This indicates that there is still further scope for reductions in this area of spend within the College. The College has identified potential savings in other areas which could be used to mitigate any increase in the budget deficit, however, the current absence of a zero-based approach to budget setting reduces the potential to identify other areas of financial savings that may be available;
- The College does not have a defined approach to identify, record and report efficiency or cost savings and reductions in budget expenditure. The College should develop an approach to identify and deliver savings both in terms of reductions in current expenditure and changes in delivery which bring about sustainable financial savings; and
- There is no formal training in place for budget holders or managers, including targeted training on the use of BluQube.

Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during our audit.

Main Findings and Action Plan

Objective 1: Budgets are controlled in accordance with the Financial Regulations and procedures

Financial Regulations

The College has in place Financial Regulations, which were last updated in October 2019, and these outline the controls and processes in place over budget preparation and monitoring. They define the following requirements for the Board of Management (BoM):

- Setting the budget objectives for the College;
- Review and approve detailed financial plans ensuring they are aligned to the strategic objectives as defined in the 2017-25 Strategic Plan;
- Responsible for ensuring the College's financial and academic affairs so that:
 - ◆ its total income is adequate to meet its needs and its total expenditure;
 - ◆ a reasonable level of net current assets is maintained;
 - ◆ a reasonable level of capital expenditure is made each year to maintain the value of the College's fixed assets; and
 - ◆ it has sufficient financial resources to meet its needs in the form of cash and other liquid assets or borrowing facilities.

The annual budget development and approval process is completed against an agreed timetable and is based on key assumptions set out by the Executive Leadership Team (ELT) around costs for staffing, goods and services, expected Scottish Funding Council (SFC) income, commercial income and student fee price agreement for the next academic year. Detailed budgets are developed following discussion with the budget holders and managers and their completion of budget templates. These annual budget templates are completed by the budget holders and managers to identify their budget requirements and wants in the following areas:

- Staffing costs;
- Goods and services spend; and
- Income.

Budgetary Control

Objective 1: Budgets are controlled in accordance with the Financial Regulations and procedures (Continued)

The completion of the budget templates is the basis for developing the annual College revenue budget, detailing 'demand' for financial resources within the College. In addition, the Capital budget is developed following applications for capital projects, assessing the need to support existing capital commitments and availability of capital funding.

In developing the budget for 2020/21 the College has taken account of the current external environment as there is a significant level of uncertainty (and therefore financial risk) due to the ongoing Covid-19 pandemic. To mitigate against this risk the College has based its budget assumptions around the following scenarios:

- Best case- financial budget deficit of £0.5m at year end;
- Realistic case- budget deficit circa £3.1m at year end; and
- Worst case- budget deficit circa £7m at year end.

The College is basing its 2020/21 budget on the 'realistic' assumption of a budget deficit of £3.1m. The College has reduced the goods and services budget by 5% from 2019/20 levels across all budget headings within the College. In addition, it has identified potential efficiency savings and cost reductions in other areas. It is intended that any deficit would be funded from current cash reserves.

Due to the volatility of the current situation, the College is planning to undertake a regular review of its financial situation and undertake more frequent budget reforecasts as the actual financial position crystallises as the academic year progresses. The first budget reforecast is planned to coincide with the September 2020 meeting of the Finance and Physical Resources Committee.

Budget Approval

Once a draft budget is prepared by the Vice Principal Corporate Services, it is presented to the Senior Management Team (SMT) and ELT for review and approval prior to submission to the Finance and Physical Resources Committee for review and approval. Finally, the budget is approved by the BoM. Once agreed by the BoM, the budget is distributed to budget holders.

Budgetary Control

Objective 1: Budgets are controlled in accordance with the Financial Regulations and procedures (Continued)

Budget Monitoring and Reporting

The Depute Principal & Chief Operating Officer, Vice Principals and Directors and Deans have overall responsibility for all income and expenditure within their area. In this role they are supported by Associate Deans, Associate Directors and Heads who have budget manager responsibilities. There are monthly financial reports issued to all budget holders and managers detailing actual Year to Date (YTD) spend against budget, with identified variances reported. A consolidated monthly financial report detailing actual spend against planned, and budget variances is issued to all SMT members. Financial accounts and reports are submitted to all meetings of the Finance and Physical Resources Committee and at each BoM meeting a financial report including the current budget position is tabled.

In addition, all budget holders and managers can access, at any time, live financial data using the BluQube finance system. BluQube allows budget holders and managers to access up-to-date information on actual versus budget expenditure. It enables budget holders and managers to drill down into individual transactions to investigate any expenditure item if required. The monthly budget reports enable budget holders and managers to identify any significant variances in actual versus budget spend and take appropriate action to address these.

The review did confirm the College is effectively applying its Financial Regulations in its budget preparation, monitoring and control in the following areas:

- Requirement for the Board to approve the annual budget;
- Linkages between the budget plans and the College's strategic aims as defined in the 2017-25 Strategic Plan;
- Responsibilities for setting budgets, providing monitoring reports and undertaking any in-year budget revisions;
- Specific budget monitoring requirements for senior post holders and budget holders, including the need to immediately highlight any significant budget variances to Finance and agreement on any corrective action where appropriate; and
- A timetable is in place for the preparation, review and approval of the annual budgets and in year reporting and monitoring.

Budgetary Control

Objective 1: Budgets are controlled in accordance with the Financial Regulations and procedures (Continued)

Observation	Risk	Recommendation	Management Response		
The audit identified a robust process in place for the creation of the annual budget, including a timetable for meeting with budget holders to discuss their budget needs and wants. However, this approach to budget development and approval is not currently documented, and it was acknowledged by management during the audit fieldwork that there would be merit in adopting a more formalised approach.	The absence of a documented approach to develop the annual budgets increases the risk of the approach not being consistently applied year on year and also represents a continuity risk should the current post holder leave.	R1 The College should develop and introduce a documented standard approach for undertaking the annual budget process to ensure consistency in developing the annual budget for the College.	<p>Agreed</p> <p>To be actioned by:</p> <p>Vice Principal Corporate Services</p> <p>No later than:</p> <p>31 March 2021</p>		
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Grade	3				

Budgetary Control

Objective 2: Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change, or funding targets are not achieved

The College's Strategic Plan 2017– 2025 sets out the eight strategic objectives for the College. This plan is underpinned by the four strategic themes of:

- Students;
- Growth;
- Performance and Processes; and
- Finance.

Each Faculty and Support Service is responsible for preparing their own operational plan, which is linked to the objectives in the College's Strategic Plan. As part of the College's budget planning process, meetings were held with the budget holders and managers, by Zoom due to the current Covid19 situation. At those meetings, the current financial situation the College is facing was discussed along with the potential funding shortfall. All budget holders and managers have completed the annual budget submissions template. These budget templates break down the expected expenditure in relation to staffing costs, goods and services and potential income. The staffing templates are based on actual costs including salary scales of all staff and are not based on salary averages to improve the accuracy of the budget projections. In addition, annual salary uplifts are included in these calculations. Previous year expenditure is also included to help the preparation of the budget bids for goods and services. The templates completed by budget holders and managers form the basis of the overall College budget.

Due to the current uncertain financial situation, as outlined under Objective 1, this has resulted in more of a 'top down' approach to budget planning with the decision to impose a 5% reduction in the goods and services budgets across the College. The budget has been prepared on this basis and been approved by the ELT and the BoM. A key element of the review and approval of the budget also ensures it is aligned to the College's strategic objectives. Budget holders have now been informed of their budget for the 2020/21 academic year and their individual budget allocations, enabling them to complete or update their annual operating plans based on their funding levels.

To mitigate the uncertainty of the current pandemic situation, there are further budget reforecasts planned for the coming year as the actual financial position becomes clearer. The initial reforecast is planned to take place at the end of September 2020, as by then the College will have a clearer indication on the number of students enrolled and the potential impact on other income for the College. The outcomes of this reforecast, and its impact on the projected budget for the remainder of the year, will be presented to the Finance and Physical Resources Committee and the BoM. The frequency of the in-year reforecast will be determined when the College has a clearer picture of the actual impact on its finances, arising from the Covid-19 pandemic, as the academic year progresses.

Budgetary Control

Objective 2: Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change, or funding targets are not achieved (Continued)

Observation	Risk	Recommendation	Management Response	
<p>A key budget assumption for the 2020/21 academic year is a 5% reduction in the goods and services budget across the College. In discussion with the budget holders and managers it was evident that they felt that this reduction can be achieved without the need for significant effort. This indicates that there is slack built into the budgets and that there remains further scope for reductions in revenue spend across the College. The College has identified potential savings in other areas which could be used to mitigate any increase in the budget deficit. However, the absence of a formal challenge process within the existing budget setting process reduces the pressure on budget holders to justify existing budget levels and restricts the potential to identify other areas of financial savings that may be available.</p>	<p>There is unnecessary spend within the goods and service budget adversely impacting on the financial position of the College.</p>	<p>R2 The College should adopt a more robust challenge process around the annual process to set the revenue budgets for goods and services cost centres in order to remove any budget slack built into historic budgets and to maximise the opportunity for identifying further potential savings.</p>	<p>Agreed</p> <p>The finance team currently engage with budget managers to prepare the annual budget, however an improved and fully documented process will be developed for 2021/22. The engagement will also confirm the overall financial constraints and challenges faced by the College.</p> <p>To be actioned by:</p> <p>Vice Principal Corporate Services</p> <p>No later than:</p> <p>31 March 2021</p>	
			<p>Grade</p>	<p>2</p>

Budgetary Control

Objective 2: Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change, or funding targets are not achieved (Continued)

Observation	Risk	Recommendation	Management Response
<p>The College has identified areas of potential budget savings as a contingency in case the budget position deteriorates further during the 2020/21 academic year. While the college prepares an annual return to the SFC, which provides the details of its contribution to the Scottish Government's efficiency savings target of 3%, at present the College does not have a defined approach to identify, record and report efficiency or cost savings and reductions in budget expenditure. In the short and medium term, pressure on public sector spending means that further budget pressures will adversely impact on funding for the college sector.</p>	<p>The current social and economic uncertainty may adversely impact on future income streams including public funding and commercial income for the College.</p>	<p>R3 The College should develop an approach to identify and deliver savings both in terms of reductions in current expenditure and set out the changes in delivery which will be required in order to secure future financial sustainability. This approach should include:</p> <ul style="list-style-type: none"> • Definition of what constitutes a saving (cash short term i.e. not recruiting a vacancy for a period of time, or long-term recurring saving i.e. savings from collaborative contracts or procurement), or removal of posts; • Setting of annual savings targets; and • A mechanism for quantifying and reporting on progress with the agreed savings targets. 	<p>Agreed</p> <p>A detailed guide and process for identifying, setting targets and reporting of efficiency savings will be developed.</p> <p>To be actioned by:</p> <p>Vice Principal Corporate Services</p> <p>No later than:</p> <p>30 November 2020</p>
			<p>Grade</p> <p>3</p>

Budgetary Control

Objective 3: Information is available to management in Faculties and Support Services which is up-to-date and in a format that can be easily understood

Collation of Data for Budget Holder Reports and Management Accounts

Monthly reports are produced from the Symmetry finance system. Feeding into this system is PECOS, an electronic purchase to pay system (P2P) which the College has in place to manage its procurement activity, primarily its goods and services spend. PECOS provides the College with a more secure approach in procurement with control enhanced with the use of system access controls limiting the raising and approval of purchase orders only to those with an approved role in the process and in line with the College's scheme of financial authorities. Any items raised on PECOS that have been approved, but where the invoice had still to be received are accrued as commitments in management accounts and reported in monthly budget holder reports and in BluQube.

On a monthly basis an extract from the payroll system is utilised to journal all payroll expenditure into the finance system, with any income received by the College also receipted into the finance system. At the end of each month there are a range of processes undertaken which are set out on a month-end closedown schedule. This includes ensuring that adjustments are made by the College Management Accounting team for prepayments and accruals to ensure that income and expenditure is appropriately matched against the period and cost centre to which it relates.

Budget Holder and Manager Reports

Budget holder and manager reports are produced monthly after month-end close-off and processing of adjustments. In addition, from discussion with budget holders and managers, they confirmed that the monthly budget holder reports are issued shortly after month end and on a sufficiently timely basis for their needs. The monthly budget reports provide budget holders and managers with the following:

- Consolidated budget report – shows by cost centre the staff, goods and services spend and income received. For each category, the following information is provided:
 - ◆ In month actual spend;
 - ◆ In month planned spend
 - ◆ In month income received;
 - ◆ Budget variances;
 - ◆ YTD Planned spend;
 - ◆ YTD Actual spend;
 - ◆ YTD income; and
 - ◆ YTD budget variance

The monthly reports also contain an Excel spreadsheet with pivot tables to view the overall spend for each cost centre code the budget holder and managers have responsibility for, this enables them to undertake a detailed line by line review of expenditure recorded in the period. These Excel reports are a direct lift from the Symmetry finance system and also detail recorded budget commitments.

Budgetary Control

Objective 3: Information is available to management in Faculties and Support Services which is up-to-date and in a format that can be easily understood (Continued)

In addition, the College utilises the BluQube system, which all budget holders and managers can access. This system is updated daily and has links from the finance and PECOS systems, it provides budget holders and managers with an up-to-date position on the expenditure incurred against their budget. The system also enables budget holders and managers to 'drill down' to investigate individual transactions.

As part of the audit we reviewed the format of the budget holder reports and the information available to them on the BluQube system to assess whether they provide sufficient information to enable budget holders and managers to effectively manage their allocated budgets. The audit testing did identify international travel spend within one of the budget holder reports, where no budget had been allocated. This matter was discussed with the Head of Finance, who informed us that they were aware of this issue, which had been caused due to miscoding of the international travel costs. The cause of this issue had been the change in budget allocation and monitoring process by increasing the number of costs centres these costs could be charged to. As a result of the amount of miscoding in this area it has been decided to revert to the previous approach of a single cost centre for international travel expenditure for the 2020/21 financial year, although due to the current situation, little international travel is expected.

Based on our review, and discussions with budget holders and managers, we consider that these reports do provide them with effective and up-to-date information on spend and commitments to effectively monitor and manage their budgets. If required, support is available from Finance to assist budget holders and managers in this process.

Budgetary Control

Objective 4: Budget holders have the necessary skills for managing budgets

From discussions with budget holders and managers in Faculties and Support Services it was noted that all of those we interviewed considered that they had the necessary skills for managing their budgets.

The budget holders and managers we interviewed advised that, if they had any issues, they felt comfortable that they could approach the College Management Accountant and their team for assistance.

Observation	Risk	Recommendation	Management Response			
<p>Although the Management Accountant provides ongoing guidance and support to budget holders and managers, including the provision of 1-2-1 support when requested or required, there is no formal training programme in place for budget holders and managers, including those taking on these budget management roles for the first time.</p> <p>While the BluQube system is available and provides accurate and up-to-date information on a daily basis on spend within the budget holders and managers areas of responsibility it was evident from discussions with budget holders and managers that additional training is required in this area to enable them to be more confident in the use of BluQube. In addition, it was also evident that not all budget holders and managers regularly access BluQube. While some training has been provided for users by the Management Accountant, there is no formal training in place for its use.</p>	<p>Budget holders and managers are not fully aware of their roles and responsibilities in managing their allocated budgets and do not quickly identify areas of erroneous spend within their budgets, relying on the month end reports to identify incorrect or inappropriate spend. This may reduce the accuracy of the month end reporting process.</p>	<p>R4 The College should develop a training programme for budget holders, which they are required to complete before they undertake their budget holder role. This should incorporate specific training for all budget holders and managers on the use of the BluQube system. In addition, budget holders and managers access to BluQube should be monitored and discussed at the regular budget meeting with Finance, to identify any additional support they require to use this budget monitoring tool more effectively.</p>	<p>Agreed</p> <p>All budget holders were given 'live demos' of the BluQube budget monitoring tool and a loom video session that went out to all Budget Managers, which was a 15/20mins demonstration taking them through the BluQube dashboard tool. Additional BluQube budget manager training will be delivered. Ongoing use of the system will be monitored and discussed at the monthly budget meetings.</p> <p>To be actioned by:</p> <p>Vice Principal Corporate Services</p> <p>No later than:</p> <p>31 October 2020</p> <table border="1" data-bbox="1583 1220 2089 1366"> <tr> <td data-bbox="1583 1220 1886 1366">Grade</td> <td data-bbox="1886 1220 2089 1366">3</td> </tr> </table>		Grade	3
Grade	3					

Budgetary Control

Objective 5: Budget variations are reported and acted upon

As noted under Objectives 1 and 3 above, monitoring reports are provided to budget holders and managers that show variances. From discussions with a range of budget holders and managers we were advised that they identify items for follow-up, or Finance may identify these and raise with budget holders and managers (particularly if these are large amounts). In either case staff advised that they would seek to understand the reason for variances and consider whether specific corrective action is required to be undertaken.

There is a timetable in place for meetings between Finance and budget holders and managers throughout the year, which provides a further mechanism to discuss variances and consider any corrective action required.

Objective 6: There is accurate cash flow reporting

Consideration of cash balances and cash flows are important to ensure that the College has sufficient funds to fulfil all its financial obligations as they fall due. At the start of every month a monthly Cash Flow Forecast Return is required to be completed and submitted to the GCRB and the SFC. This sets out the forecast expenditure for that month, as well as analysing actual expenditure and closing cash balances for the previous month. We reviewed the forecast monthly closing cash balance on the SFC Monthly Cash Flow Forecast Returns for April and May 2020 against the recorded closing cash balance. This review has identified the impact of Covid-19 on the College's finance, with a reduction in the cash balance of circa £2.8m. However, we are content that the controls are operating effectively in this area.

Budgetary Control

Objective 7: Senior management and the Board regularly review the College's overall financial position

Consolidated College Monthly reports

A consolidated monthly financial report detailing actual spend against planned and budget variances is issued to all ELT members. Financial accounts and reports are submitted to the Finance and Physical Resources Committee and at each BoM meeting a financial report including the current budget position is presented. These reports detail:

- Actual and budget year-to-date, with variances;
- Forecast and budget for full academic year, with variances and comments for movements;
- A cash flow showing actual and forecast closing monthly cash balances; and
- A paper setting out the reasons for main variances and the cash flow position.

Cashflow statements are also produced on a monthly basis for reporting to the SFC, these are also shared with the SMT, the Finance and Physical Resources Committee and the BoM.

Commercial Reporting

The Development Committee is a committee of the Board and has delegated responsibility for the monitoring of commercial activities and income generation for the College. At its meetings it receives reports of progress against the agreed income generation plans, this report is based on a Red / Amber / Green (RAG) assessment for each of the planned income streams, with actual progress reported against planned. This Committee reports directly to the BoM.

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