

Finance Committee

You are invited to attend a meeting of the **Finance Committee** to be held on **Tuesday 9 December 2014** in the **Boardroom, Falkirk Campus at 4.30 pm.**
Refreshments will be available from 4.00pm.

Agenda

1. Apologies for Absence
2. Declarations of Interest

FOR APPROVAL

3. Minutes of meeting held on 17 June 2014
4. Matters arising
 - a) F/14/023 Capital Budget 2014/15
 - d) F/14/041 Draft External Audit Annual Report to the Board of Management
5. Student Association Accounts 2013/14 & Budget 2014/15 Jean Duff

FOR DISCUSSION

6. Outline Business Case: Financial Appraisal Alison Stewart
7. Revised Budget 2014/15 Monica Halcro
8. Resource Budget 2014/15 Monica Halcro
9. Student Support Funds 2014/15 Louise Burnett
10. Any other competent business

FOR INFORMATION

Programme of Business



Finance Committee

Meeting:	Finance Committee
Location:	S1.18, Stirling Campus
Date:	17 June 2014 (commencing at 4.30pm)

Present: Mrs Shona Struthers (Chair)
Mr Andrew Carver
Mr Liam McCabe
Ms Caryn Jack
Mr Ken Richardson

Apologies: None

In Attendance: Mrs Alison Stewart, Director of Finance
Mr Bob Gil, Chair, Audit Committee
Dr Ken Thomson, Principal
Mr Stephen Jarvie, Corporate Governance and Planning Officer
Mrs Monica Halcro, Senior Finance Manager
Mr Bob Armstrong, Head of Department
Mrs Cathie Wylie, Henderson Loggie

F/14/032 Declarations of Interest

None.

F/14/033 Minutes of Meeting held on 18 March 2014.

The minutes of the meeting held on 18 March 2014 were approved.

F/14/034 Matters Arising

a) F/14/021 Treasury Management Strategy 2014/15

Members had approved the strategy for presentation to the main Board. The Director of Finance confirmed that this occurred at the 27 March meeting of the Board.

b) F/14/022 Budget 2014/15

Members approved the budget for presentation to the Board. The Director of Finance confirmed that the budget was approved at the 27 March meeting of the Board.

c) F/14/023 Capital Budget 2014/15

The Principal reported that a letter had been received from the Scottish Funding Council confirming that they would fully fund the demolition of Middlefield. A paper will be taken to the next meeting of the Board seeking approval for the demolition.

d) F/14/027 2013/14 Forecast Outturn

Members had requested that the Forecast Outturn be updated. The Director of Finance confirmed that this had happened and was taken to the 27 March meeting of the Board.

F/14/035 Accounting Policies for the Year Ended 31 March 2015

The Director of Finance presented the accounting policies for year ended 31 March 2015. She highlighted the changes made from the current set of accounting policies.

The Director of Finance highlighted that a new SORP would be implemented in the 2015/16 financial year which would impact on the accounting policies from that year onwards.

a) Members approved the Accounting Policies for the Year Ended 31 March 2015.

F/14/036 Draft Budget 2015/16

The Director of Finance presented the draft budget for 2015/16. She noted that the College was required to produce a high level budget for SFC as part of the overall Scottish Government budgeting processes.

The Director of Finance listed the key assumptions made in producing the budget, noting that SFC guidance was to assume the same level of activity and funding as 2014/15. The budget was therefore based upon current figures with anticipated developments such as HEI programme funding included.

Members commended the budget, noting that it was very clear and welcomed the clarity on the assumptions used in producing the document.

- a) Members queried the projected salary increase for 2015/16. The Principal provided an update on current negotiations with the recognised Trade Union Members approved the Draft Budget 2015/16

F/14/037 Draft Financial Memorandum 2014/15

The Director of Finance provided the draft financial memorandum for 2014/15. She noted that, as a result of the change in status for College's, we were now required to comply both with the Scottish Public Finance Manual (SPFM) as well as the SFC Financial Memorandum.

The Draft Financial Memorandum presented had been developed by SFC to incorporate the requirements of the SPFM.

The Director of Finance highlighted a number of concerns with the document as it currently stands and noted that College's Scotland had been in contact with SFC to seek a chance to discuss the draft Financial Memorandum.

Members queried the delegated authorisation levels whereby the College would be required to seek SFC approval and the impact this would have on College activities. The Director of Finance outlined the anticipated impact at this time.

The Chair updated members on the activity underway to prepare a business case for Colleges to retain commercial insurance and noted the potential impact on the activities in the sector if approval was not received.

- a) Members noted the content of the report.

F/14/038 Review of Risk

Risks were identified in the papers as presented.

F/14/039 AOCB

None

F/14/040 Annual Report & Financial Statements 2013/14

The Director of Finance presented the Annual Report and Financial Statements which cover an 8 month period as the College transitions from a July to a March year end. She highlighted the work of the Finance team in delivering these accounts in such a short period of time.

The Director of Finance highlighted to members that neither Audit Scotland nor the Scottish Funding Council had provided guidance in terms of recognising income in a financial year which does not align with the Academic Year to which the funding relates to. She noted that this presented a risk to the College as the treatment as adopted and agreed with Henderson Loggie could possibly be challenged by a future External Auditor.

Members queried the Local Government Pension Scheme figure included in the accounts. The Director of Finance reported that this was a historical issue which has been raised with the Actuaries previously. Now that the College had the same year end as Falkirk Council, a further comparison of the level of pension provision would be undertaken.

The Director of Finance highlighted that, as a result of the reclassification of the College by ONS and the new financial regulations that the College must abide by, the College was in breach of our banking covenants with Barclays. She outlined the activities undertaken to ensure Barclays were fully informed of the changes being implemented to the College and that the risk would remain until such time as a final response from Barclays was received.

- a) Members approved the Annual Report and Financial Statements 2013/14.

F/14/041 Draft External Audit Annual Report to the Board of Management

Cathie Wylie from Henderson Loggie presented the draft External Auditor annual report. She expressed her thanks to the College Finance Team for their assistance in reaching this point and the smooth audit process.

Mrs Wylie covered the key points in the report and noted that Henderson Loggie were anticipating an unqualified opinion in relation to the Financial Statements.

Members queried the grade A recommendation provided in relation to the Forth Valley College Foundation, noting that as this was an independent entity, the College has no control over any risk associated with this.

Mrs Wylie explained the reason behind its inclusion in the report and agreed that the current rating system for the recommendation may not accurately reflect this item. She informed members that this would be re-examined before the final version of the report is issued.

- a) Members approved the report subject to the requested amendment.

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