



## Further Education College Clerk Development and Training Programme Resource Pack

### Module 10: Finance Executive Summary

The **purpose** of this module is to enable clerks to be able to:

- outline the governing body's main legal responsibilities towards ensuring the college's solvency and the safeguarding of its assets;
- understand financial terminology, key performance indicators and funding body requirements;
- be able to adequately scrutinise and challenge the financial information presented; and
- understand the key risks facing the college and the potential impacts on its financial health as well the role of auditors.

There are a number of statutory requirements for the governing body which require a reasonable level of understanding in order to adequately discharge them, specifically to ensure the efficient and effective use of resources, the solvency of the college and to safeguard the college's assets. As clerk, you will need to work with the finance director to establish an annual cycle of reporting that allows for the compliance activity to be completed on time.

**Section 1** sets out the role of the governing body and the principal, as defined by a variety of sources, including statutory duties. Governors need to be clear as to where the lines should be drawn between governance and management.

**Section 2** explains the use of key performance indicators (KPIs) in assessing the adequacy of the college's financial health as well as some sector benchmarking for you to use.

**Section 3** runs through some key considerations in determining the annual budget and its connectivity with the strategic plan and annual business plan.

**Section 4** explains in more detail how the financial KPIs are used to determine a college's financial health.

**Section 5** goes into more detail in the use of KPIs and how meaningful financial targets can be set and monitored.

**Section 6** explains the purpose of the audit committee and the use of auditors.

**Section 7** provides a suggested approach to the assessment of risk against the college's strategic plan and annual business plan

**Section 8** provides governors with an overview of the funding bodies' funding methodologies.

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