

090. IFG Financial Sustainability & Control Policy

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Introduction and Purpose

This policy establishes the framework for ensuring the long-term financial sustainability and control of the International Foundation Group (IFG). It defines the principles, responsibilities, and procedures necessary to manage IFG's financial resources effectively, comply with all relevant legal and regulatory requirements, and support the strategic objectives of the institution.

Policy Principles

Value for Money (VFM): Ensuring resources are used efficiently and effectively to deliver high-quality education and research outcomes.

Compliance: Meeting all statutory, regulatory, and funder requirements, including those set by the Office for Students (OfS).

Sustainability: Safeguarding the College's long-term financial health through adequate reserves, responsible debt management, and the development of diversified income streams for the benefit of current and future students.

Transparency and Accountability: Establishing clear financial roles and responsibilities, promoting open and accurate financial reporting, and maintaining strong internal control systems.

Prudence: Applying a cautious and disciplined approach to financial planning and decision-making, supported by realistic forecasting and effective risk management.

Financial Sustainability Strategy

Operating Surplus:

The operating surplus target is reviewed annually and may be adjusted by the IFG Board of Governors in response to changing market or strategic conditions.

Cash Flow: Maintain a positive net cash flow from operating activities.

Liquidity: Maintain a current ratio (current assets divided by current liabilities) of at least 2:1 to ensure short-term obligations can be met.

Unrestricted Reserves: Maintain free reserves to manage unforeseen risks and cyclical variations.

The IFG Board of Governors will determine and review annually an appropriate minimum level of unrestricted reserves, informed by risk assessment and cash flow forecasts

Income Diversification

Actively seeking non-formula funding, such as research grants, commercial contracts, additional international student fees from a diversification of the product offer from pathway to HE. Additionally, IFG will be moving from purely international student fees to the recruitment of home students, developing and managing an appropriate Investment Policy for its endowments and working capital.

Financial Planning and Forecasting

IFG operates a 5 year Financial Plan integrated with the Strategic and Business Plans. The plan includes:

- Detailed annual budgets for all departments and activities.
- Robust scenario planning and sensitivity analysis to test financial resilience under various external conditions (e.g., changes in student numbers, funding rates, or inflation).
- Regular (at least quarterly) review of actual performance against budget and forecast (monitored at the IFG Board of Governors).

Financial Control

IFG maintains a system of internal controls to safeguard assets, ensure data integrity, and prevent fraud and error.

Roles and Responsibilities:

IFG Board of Governors

Ultimate responsibility for financial oversight, approving the annual budget, financial statements, and ensuring the adequacy of the internal control system.

Key Financial Responsibility

The Accountable Officer (CEO) has ultimate responsibility for financial sustainability and compliance with OfS requirements, supported by the Executive Director who has day-to-day executive responsibility for financial management

Finance Manager

Day-to-day management of all financial operations, preparing financial reports, and ensuring compliance with financial regulations and policies.

Internal Controls and Procedures

As IFG's senior leadership team is small in size, it is recognised by the IFG Board of Governors that as IFG grows, segregation of duties for critical financial functions such as authorisation, execution, recording, and review will be performed by different individuals.

Authorisation Limits: Clear and documented limits for expenditure approval to be defined by the Senior Leadership Team (SLT) and approved by the Board of Governors.

Bank Reconciliation: All bank accounts must be reconciled at least monthly by an individual independent of the payment/receipt process.

Procurement: All purchases over £5000 must be signed off by either the Academic Director (CEO) or Executive Director.

Risk Management

Financial risks (e.g., liquidity risk, credit risk, fraud risk, pension risk) are identified, assessed, and managed in accordance with IFG's Risk Management Policy. The Finance Committee reviews the top financial risks at every meeting.

Audit and Review

Internal Audit

The Risk, Audit and Compliance committee will review the effectiveness of IFG's financial internal control systems, governance, and risk management processes with report, outcomes and recommendations made to the IFG Board of Governors.

External Audit

IFG's annual financial statements are audited by an independent external auditor appointed by Finance Committee, with IFG Board of Governors approval ensuring compliance with relevant financial reporting frameworks and statutory requirements.