

**Finance & Risk Committee  
MINUTES  
3.30pm 23<sup>rd</sup> August 2016  
The Board Room, Gun House**

**Present:**

Oludolapo Bolaji (OB - Chair), Ian Lockwood (IL), Tom Worman (TW), David Ayton via Skype (DA), Cherelyn Cuthbert (CC – not present for item 5.2).

**In Attendance:**

Anna Clodfelter (AC - Advisory), Lucy Simpson – Minutes, Geoff Frost (GF – Blue Spire for item 5.2), Ben Conway (BC for item 8.1)

**1. Apologies for Absence**

Apologies received from James Belmonte.

**2. Declaration of Interests**

DA declared an interest in item 8.1 and will abstain from voting.

**3. Minutes of Previous Meeting**

Minutes of 24<sup>th</sup> May 2016 approved.

**4. Matters Arising and Action Points From Those Minutes**

**4.1** Publicise the budget to students in Sept/Oct – TW **ON-GOING**

**4.2** Amend future Risk Reporting to highlight significant changes only – TW **COMPLETE future reports will follow this format**

**4.3** Check that the Advice Centre risk is covered by the insurance as part of the insurance review in June – TW **AGENDA ITEM 6.3**

**4.4** Check that the Activities Team is picking up the public performance laws with the Media Groups – TW **COMPLETE**

**4.5** Chase pension provider for section 75 information with AC to assist if required – CC **COMPLETE VIA ACTION FROM BoT**

**4.6** Investigate the misunderstanding surrounding section 75 – AC **AGENDA ITEM 6.5**

**4.7** Amend the Reserves and Designated Funds Policy to include the authority level for Leadership of £5k and then circulate it for email approval – AC **COMPLETE**

**4.8** Produce simple report on cash-flow with and without Project 25 and circulate to F&R before BoT in June – AC/CC **COMPLETE**

**5. Finance Matters**

**5.1** Final Quarterly Management Accounts

UPSU Management Accounts

Paper taken as read.

IL – in the overall summary, the investment budget is showing a positive variance on the year.

CC – it was forecasted in Q3 that we would have a variance of £6k due to staff pilot roles not being started until later. It actually produced an additional £10.3k we didn't use. However, originally we put in the forecast that we were ring-fencing money for next year's budget but Blue Spire told us we couldn't do this and we had to show it as an underspend which would be spent next year. This produced such a big variance.

IL – in essence we've put a cost in that quarter which wasn't actually a cost it was just ring-fenced for a future cost.

CC – we didn't know when it was going to be spent (the technology stuff) and this was put in Q3 notes but when we got to year end and it still wasn't spent, we weren't able to say it was rolled over, it's more a case that you'll see it appear again as an investment budget.

DA – the overspend of AU clubs. How did this happen?

CC – there's an investigation going on into how this happened. Can only report back after the full investigation has taken place.

AC – there's a preliminary report from Activities today but haven't had a chance to look at it. It doesn't appear there is just one reason, there's several but we will certainly send that report via email.

**Action – AC/CC to circulate report of AU Clubs overspend to F&R Committee via email.**

IL – is there no mechanism in place to stop them overspending?

AC – yes. The issue we have is budgets are not real time (this is something we are looking into). There already financial plans in place for some clubs who are sanctioned until they pay it back.

IL – how do we sanction them?

AC – they don't play. It's easy with the AU as we stop them playing. Lower sanctions are things like they don't access the Union mini buses etc. The cut off is that until they pay the money back, they don't play.

IL – are there any individual sanctions?

AC – yes if the issue is an individual issue. We have had it in the past where money was taken by an individual (Christmas dinner money that wasn't paid in) and therefore when we know it's an individual then we take individual action if there's proof. We try to lean on the treasurers but at this time of year the treasurers are new and this is the issue we have. It tends to be club sanctions because of the change in committee.

CC – what we are working towards is putting the budget on Xero but also investigating about putting department budgets on Xero so all the individual clubs will be on Xero and it will be easier to monitor. There's an ability to do it but we are having upload issues at the moment. In future there will be a better system of everyone being able to access one spreadsheet and this has been some of the issue. We have already put something in place to tie up the 2. The Manager of Activities will be doing spot checks every month and noting any issues with Xero or the budget being monitored.

### **FINANCE & RISK COMMITTEE NOTED THE UPSU MANAGEMENT ACCOUNTS**

#### PSUT Management Accounts

Paper taken as read.

IL – in the overall summary we've got expected write off of bad debts of £3.5k?

TW – one of them as detailed is the bar on Guildhall Walk which was women's football sponsorship and they closed their doors. We've been chasing through the courts for the past year or 2. The remainders are smaller traders. It's mainly student group sponsorship which went through PSUT as a VAT mechanism and then the student groups either aren't fulfilling their commitments or the company's gone into liquidation and aren't paying.

IL – did they show as bad debts in 2014 accounts?

CC – we were still hoping that we would be able to get payment and we've talked to Blue Spire about it. It's not until now we've been told that we will have to write it off as a bad debt.

IL – the other question is about the request to write off all old stock of £1600. Thought we'd done all that?

TW – this is another set. We managed to find some t-shirts and we sold those and they went really well and they were cheap tat essentially. The previous Business Development Manager thought it was a good idea to buy more cheap tat and no-one wanted it. They've been trying to sell it without writing it off (even selling it at a £1 an item profit) but it's just not selling. We've done better in PSUT than budgeted or even forecast to do, so it's a recommendation that we

write this amount off which in terms of percentage of money that retail have turned is very small.

CC – some of it is also date stamped so there's no way we're going to sell it.

AC – it's costing us more in storage space as we can't get other stock in there.

**FINANCE & RISK COMMITTEE NOTED THE PSUT MANAGEMENT ACCOUNTS**

**5.2** Finance Department Update (*discussed before Item 4 on agenda*)

Paper taken as read – **CONFIDENTIAL DISCUSSION (CC not present – GF in attendance)**

AC – thank you to GF for coming in to answer questions.

**FINANCE & RISK COMMITTEE NOTED THE FINANCE DEPARTMENT UPDATE**

**5.3** University Financial Memorandum of Understanding draft for approval

Paper taken as read.

AC – this change of wording is because it implies that we actually consult widely in the student community in our budgeting process and we don't. What we do is consult with student representatives. The budget is formed from consultation but the budgeting process has no consultation in it other than the Sabbs. Felt that this wording could be interpreted in a way that we could never achieve.

**FINANCE & RISK COMMITTEE APPROVED THE WORDING CHANGES IN THE FINANCIAL MEMORANDUM OF UNDERSTANDING DRAFT**

AC – the University have had legal advice on the document which didn't change it and it is taken from the Hefce template. There's no material change. The change is in the tone and the partnership approach to it but the terms remain the same which is why no legal advice has been taken to date. The University are happy with the wording changes and so is JB.

**FINANCE & RISK COMMITTEE APPROVED THE DRAFT SUBMISSION OF THE FINANCIAL MEMORANDUM OF UNDERSTANDING TO THE UNIVERSITY (WITH THE AMENDED WORDING AS AGREED ABOVE).**

**FINANCE & RISK COMMITTEE AGREED NO LEGAL ADVICE WAS REQUIRED ON THE FINANCIAL MEMORANDUM OF UNDERSTANDING DRAFT**

**5.4** PRP Approval

Paper taken as read.

**FINANCE & RISK COMMITTEE APPROVED THE PRP AWARD (AS PER THE EMAIL 26/07/16)**

**6. Risk Management**

**6.1** Update on Risk Register (TW)

Paper taken as read.

TW – as per request, it's now shorter and just details changes.

**FINANCE & RISK COMMITTEE NOTED THE UPDATE ON RISK REGISTER**

**6.2** Update on H&S (TW)

Paper taken as read.

AC – this culture change in the organisation is significant and TW has done a huge amount of work on that.

TW – very pleased with the 100% staff agreement in the H&S culture in the staff survey.

**FINANCE & RISK COMMITTEE NOTED THE UPDATE ON H&S**

**6.3** Update on Insurance Review Project (TW)

Paper taken as read.

TW – there's one addition which is we are finalising our events insurance to cover us for Freshers' Fayre and Grad Ball as separate entities. Freshers' was previously covered by our

combined policy and following discussions with our insurance advisors they said that if we did have to cancel the event due to a weather condition or risk arising from weather then we would never get that money back because it was weather condition rather than a fire/flood. So we've moved it to event insurance which carries much more cover for us and given it such a big income source it seemed wise.

CC – and the quote made no difference.

AC – we're also looking at our HR employment law cover. We've had an offer in from Warner Goodman and some comparisons have been made for tribunal cover. It's a bolt on to the cover we already have because we're covered by Endsleigh but there are a couple of things that Endsleigh don't cover and we need to risk assess those elements against the £300 additional cost from Endsleigh and the £900 Warner Goodman cover which will double up on areas Endsleigh already cover us for. If we do it, we'd probably go with the bolt on from Endsleigh.

TW – our cover around employment law stuff covers us for: Directors & Officers Policy, Employment Practice, Liability & Criminal Prosecution in respect of corporate manslaughter. It doesn't cover tax protection but it does give us tax advice, covers us for employee loss of data. Not covered by our current policy is legal expenses and contract disputes (which is what Endsleigh are saying costs £360). This is what F&R need to discuss if it's needed or not. Not sure it's that in-depth of a risk to us with only 26 employees. Are we at significant risk of contract disputes and legal expenses arising from that?

IL – is it personnel contract disputes or contracts with students and third parties?

TW – personnel. Which we get advice from Warner Goodman on anyway when we're doing them so not sure whether we need to spend £360 covering it.

IL – have Warner Goodman drawn up the contracts?

TW – yes.

IL – so we'd have them under employers liability insurance anyway.

IL – what about cyber insurance?

TW – still waiting for a formal update on this. They were going away to try and find someone who did it under their insurers and were looking at various options.

IL – from Warners?

TW – from Endsleigh. We have upgraded things like terrorism cover but not cyber-attacks. Our broker says they've never heard of it and was surprised we were even asking the question.

IL – we get cyber insurance from Travellers. Will send the details to TW.

**Action – IL to send details of cyber-insurance to TW.**

IL – to reiterate the declaration of interest in Warner Goodman as previously stated.

**FINANCE & RISK COMMITTEE NOTED THE UPDATE ON INSURANCE REVIEW PROJECT**

#### 6.4 Accident Incident Year End Report (TW)

Paper taken as read.

TW – this is the year end update for instances as per the H&S policy. Most injuries come through sports groups but this is mainly due to us having a better reporting system in place with proper first aid contractors on site who have to complete the form.

**FINANCE & RISK COMMITTEE NOTED THE ACCIDENT INCIDENT YEAR END REPORT**

#### 6.5 SUSS Pension Deficit Update (AC)

Paper taken as read.

AC – the committee has the report and recommendations from Penningtons. This committee needs to make a decision about the preferred next steps for AC to do, so we take this to Board. Based on the recommendations from committee, based on the email trail and all the questions and answers and comments that came back. What AC really needs from this committee is what do we do now? The report is long but it is kind of summarised by the 5 bullet points on the front paper.

AC – has just received an email from Maria Riccio.

AC – this is an extensive report we need to digest.

IL – what is she responding to?

OB – does this change the recommendations put forward to the committee. Can we read and discuss now?

AC – it's a sit down, read and digest report. It's only 6 pages long but it can't be read and summarised now.

TW – we can't discuss until AC has read and digested.

AC – we need to discuss as there will be options on the table.

**Action – AC to update Board of Trustees on latest SUSS report.**

**FINANCE & RISK COMMITTEE AGREED TO MEET ON 14/9 TO DISCUSS THE NEW SUSS REPORT**

## 6.6 Prevent Update (AC)

Paper taken as read.

AC – the Sabb team are considering their stance on Prevent and will talk to UAB once they're back and whether we continue the very productive approach we are taking or take a different approach.

OB – what's the student watch?

AC – this is a volunteer programme which puts students in the police. They also get work experience with fire/paramedics/some areas of the council. It was felt that actually rather than having conversations between student groups and police officers or student groups and the University, it was better to have those students who are volunteers trained by the police, University and Prevent to deliver the training to our students. So you have students talking to students. It should be called student support as they identify projects that they want to work on and drive those mainly with the police. It started in Southampton and one of the projects they drove forwards was vacation time burglaries and the student watch volunteers put together a campaign to reduce burglaries. They are student volunteers who happen to be in the police and Dave Fairborough (who's the University police officer) came up with the idea of training those students to train our students.

DA – there have been no referrals to the panel. Is there a reason for this?

AC – it's because there have been no students here and therefore no events.

**FINANCE & RISK COMMITTEE NOTED THE PREVENT UPDATE**

## 7. Audit

### 7.1 Audit Process & Timeline

Paper taken as read.

TW - assuming this meets the Companies House requirements?

CC – yes.

IL – who actually signs the accounts?

AC – the president as company secretary.

IL – who puts the director's report together?

TW – AC does UPSU and TW does PSUT.

Ac – we draft them with Blue Spire.

**FINANCE & RISK COMMITTEE NOTED THE AUDIT PROCESS & TIMELINE**

## 8. Any Other Business

### 8.1 Student Group Sponsorship (*discussed before Item 4 on agenda*)

Paper taken as read (**BC in attendance**)

OB – DA has declared an interest in this item.

BC – confirmed committee had received and read the late paper submission and reiterated the 5 points proposed.

DA – on the 4<sup>th</sup> proposal, is this going to become the norm that when a sponsorship agreement changes then we will fund it from reserves.

BC – no, this is a one-off. Then some work will be done this year to look at the funding support we offer and how we can get sponsors into clubs to help them fund themselves. This is a one-off emergency payment.

AC – the difference is that this is so highly reputationally risky and it's such a large sum of money. Other sponsorship deals are generally £1000 or less so therefore the impact is less.

DA – individual impact on each sports club is only £1000.

AC – but the impact across the Union (which is what this committee considers), is significant. So therefore the support would be there and if there is a reputational risk which we would hope by the end of this year it wouldn't be, as we would have the policy in place that would support clubs in where they would need to go for sponsorship. Therefore we would hope that the reputational risk which has been the trigger for this paper would not exist in the future.

IL – are we happy with funding this from reserves?

AC – yes.

CC – yes, doesn't feel there would be a lot that would need to come from reserves.

AC – we need to do some work around the criteria as if they having their sponsorship withdrawn and without which they can't have something that would impinge on their activity as a club (whether that's their social activity or not), then we would need to consider it. We would need to be clear about what those criteria are and what we would spend reserves on. We've talked a lot about what this criteria is going to be. We hope that we can find alternative sponsorship for the majority of clubs. We also hope that the University will provide funds as they have indicated that they are not happy about this relationship anyway and they certainly don't want this branding on their kits. AC view is that they would happily provide funds. We haven't approached them yet until we've got some numbers. Felt the best option was to bring it to F&R and then go to the University and say this is the decision that the Union has made please will you help us, rather than asking for funds without knowing what we have decided. First get the decision, are we going to stop this from a risk point of view and then number 2 is then the financial side of things and what we're going to do about supporting the clubs which are affected by this. This comes from the reputational risk and the priority decision is whether or not we're going to block it. If we do block it then the financial plan will come as a secondary action from that.

OB – are we clear on how much it is?

BC – maximum of £25k

**CONFIDENTIAL DISCUSSION**

**Action - AC/BC to meet to decide comms of the AU/Student Groups Sponsorship deal to student groups and the University.**

**Action – CC/AC to work with the Activities Team on the criteria for funding student groups from Union reserves.**

**FINANCE & RISK COMMITTEE APPROVED THE 5 PROPOSALS FOR STUDENT GROUP SPONSORSHIP (DA abstained from the vote due to conflict of interest)**

**9. Date and Time of Extraordinary Meeting 14<sup>th</sup> September 2016 @ 8.30am. Next F&R Meeting – 22<sup>nd</sup> November 2016 @ 3.30pm**

**ACTIONS**

Action	Who	Update	Status
8.1 – meet to decide comms of the AU/Student Groups Sponsorship deal to student groups and the University	AC-BC		Completed
8.1 - work with the Activities Team on the criteria for funding student groups from Union reserves	CC/AC		On going
5.1 - circulate report of AU Clubs overspend to F&R Committee via email	CC/AC		On going
6.3 - send details of cyber-insurance to TW	IL		Completed
6.5 - update Board of Trustees on latest SUSS report	AC		Completed

**CONFIDENTIAL ITEMS**

Finance Department Update	Confidential discussion
Student Group Sponsorship	Confidential discussion points

**Minutes Approved:** \_\_\_\_\_

**Date:** \_\_\_\_\_