

**Finance & Risk Committee**  
**MINUTES**  
**3.30pm 23<sup>rd</sup> February 2016**  
**The Board Room**

**Present:**

Nick Johnson (NJ - Chair), Orion Brooks (OB ), Ian Lockwood (IL), Tom Worman (TW), David Ayton (DA), Anna Clodfelter (AC) – Advisory.

**Minutes Via Dictaphone:** Lucy Simpson

**1. Apologies for Absence**

Apologies received from Cherelyn Cuthbert.

Membership confirmed – only 1 external trustee is required on each sub-committee under the new TOR.

**2. Declaration of Interests**

None.

**3. Minutes of Previous Meeting**

Minutes from 24<sup>th</sup> November 2015 agreed.

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

**4.1** Reserves consultation and planning to continue - reporting back in Nov/Feb – AC & Group.

**AGENDA ITEM 5.3**

**4.2** Update F&R when figures for additional resources for Finance Team have been identified by 4/12 - AC **COMPLETED**

**4.3** Note real surplus picture and circulate final version of Management Accounts - AC **COMPLETED**

**4.4** Add weightings to the Strategic Risks – TW. **AGENDA ITEM 6.1**

**4.5** Discuss Freedom of Information Request with CB – AC **COMPLETED**. CB advised us to hold on any FOI request for the time being.

**4.6** Produce Accident Report of trends, stats and mitigation for next meeting – TW. **AGENDA ITEM 6.4**

**4.7** Add Prevent Update to future agendas – AC. **COMPLETED**

**5. Business Matters**

**5.1 Quarterly management accounts**

**UPSU Management Accounts**

AC – there is a big surplus in the forecast which needs discussion to explain:

In the core budget, looking at core surplus/deficit you can see that we are £107k ahead of where we said we wanted to be. To clarify, because of the way we now have to report pension deficit, we were showing £62k as the pension deficit that we budgeted in this year but it actually came out of the accounts last year. So £62k of that is not a real surplus, it's just a reporting surplus. Which brings us back down to around £45k which is really where we are. A big chunk of this (£23.5k) is our net underspend in salaries due to recruitment gaps and the other half of it is the underspend in activities which is significant at just over

£40k. This is taking into account all of the money that we will have to give back to the clubs and societies at the end of the year, paying into the B accounts their own money and taking out SLA which isn't real money either as it's an allowance. So this is money allocated to clubs and societies that they haven't spent – again, which is a reoccurring theme every year.

IL – why don't they spend it?

DA – for the Law Society, at the end of the year we had funds left over mainly because of the limitations on what the funds could be spent on (social events / food / drink etc. weren't allowed). The kind of events we did hold didn't fit with what we could spend the Union funds on so therefore we had to come up with other ways to spend the money.

IL – when the budgets are put together this year bearing in mind we have all these restrictions, do they sit down and say these are the things we want or do or is it based with last year's figures being the starting point as this is what they got last year so they ask for the same amount?

NJ – believes a lot is to do with competency of the previous committee and also the handover to the new committee.

IL – otherwise it's just based on the amount they had last year so there's no proper budgetary process followed?

NJ – probably not based on experience, as finer details were not communicated well. When you have money left, especially for sports clubs as facilities availability is restricted, it is difficult to spend excess money.

IL – the problem we have is this happens every year so we need to do something different for next year.

AC – a funding review is underway for clubs and societies and there is an option out there for all the money to be put in a development pot for applications. So if they need the money, they apply for it and get given it. The problem we have is that it's all given and tied up for a whole year so it can't be accessed. We aren't saying the clubs shouldn't have that amount of money but it should be placed where people who need the money can access it to spend it. At the moment it's allocated on a per head basis which can't be spent on what you want to spend it on but there are other clubs who are desperately in need of that money but can't have it so it gets spent on miscellaneous and sometimes unnecessary things just so it gets spent. This is one of the options but it won't be passed in time for this year's budget.

IL – so set the per head subsidy and do a review half way through the budgetary period?

NJ – the referendum is during elections so we'll know the new model?

TW – but the process behind it won't be ready.

DA – societies don't budget on subsidies and it's not until November they look at the subsidy they get from the Union.

AC – and as a consequence, society budget breaks even.

OB – but sports are budgeting on subsidies so it's different.

AC – and sports are the ones underspent by £28k.

IL – can we put a review at quarterly or 6 monthly periods and then funds can be reallocated to those that need it?

AC – no-one at the moment has the authority to reallocate the unspent funds. The funding review means this won't happen again but it's just case of how quickly we can make it happen. Happy to take the recommendation that we do an amendment to the budget.

**FINANCE & RISK COMMITTEE APPROVED AMENDMENT TO BUDGET PROCESS TO ENABLE REVIEW AND REALLOCATION OF FUNDS IF FUNDING REVIEW NOT PASSED**

**Action: AC to make amendment to budget process to enable review and reallocation of funds if funding review not passed.**

IL – can you clarify the £62k pensions?

AC – it's because we had to report in the year end accounts because we'd received funding from the University to prepay 3 years so we could take advantage of the discount. So we pre-paid the 3 years but were showing it as an annual expense but actually, because we pre-paid it, we had to show we had pre-paid it so it's an accrued amount but it's showing as an expenditure in this year although it has actually already been paid.

IL – presumably it shouldn't have gone into the budget then if it had already been paid?

AC – but we didn't know it needed to be reported that way until the budget had been signed off. Unfortunately it will be skewed all year.

DA – schedule 9 where we are offering to give £500 back to UoP? Why were we given £3.5k and didn't spend it all?

TW – the University have given us the funding for the last 2 years to cover the course rep hoodies and the hoodies have become cheaper so we didn't need the full amount.

DA – why don't we just buy more hoodies as we have more course reps to provide for?

AC – agrees we should buy more hoodies.

**Action: AC to ask BM to buy more course rep hoodies with the outstanding funds.**

IL – what's happening with the fleet transport investigation?

TW – it's probably because insurance costs have come in.

AC – and the cost of the fuel so it's probably a case of them checking that costs for every society that has used the mini bus have come back in and have been posted correctly. It probably feels like not enough charges have come back from clubs & societies so it needs investigating.

IL – could we get clarification on this?

**Action: AC to provide clarification on the investigation into to fleet costs.**

**PSUT Management Accounts**

TW – only thing to report is we've clawed some money back for PSUT. Last quarter we were looking at being £10/11k down against budget and the University have bought NUS Extra staff cards which has helped top things up. There's definitely a posting problem (not with finance) e.g. freshers stalls were booked as part of advertising packages so deficits in one area are balanced by surpluses in others.

OB – there is mention of a bad debt of £262.50 in the summary but it is down as £361.70 in the budget.

TW – I think there's been another bad debt in addition to the £262.50. A client last year in the auditing process was asked to be written off as they had been on our debtor's book for 2 years so it was cheaper to write it off than take it through the courts. We are doing quite a lot of debt chasing at the moment so things are followed through as much as possible.

IL – what it says is that the activity did not take place so if we issue an invoice and the client then turns around and says it doesn't happen then it should be a credit note not a bad debt.

TW – Blue Spire has advised us to put it in as a bad debt. Can only assume this is because it is in a new accounting year.

IL – but it's not a debt and the problem with bad debts is that people will look into it and this is not the case or we would be chasing it through the courts. If it's just because the activity didn't happen then a credit note should be issued.

**Action: TW to query why the bad debt for the activity that didn't happen is classed as a bad debt and hasn't been credit noted off.**

#### **CONFIDENTIAL DISCUSSION & ACTION**

OB – in terms of forecast for the year, are we actually going to make any money?

TW – we are budgeted to make £108k profit.

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

### **5.2 Budget Update (AC)**

AC – an update on the process. CC is conducting budget meetings with each of the departments that budget upwards and the feedback is that everyone has been very well prepared. The process is that budgets need to be in by 21<sup>st</sup> March, they will be collated between 21<sup>st</sup> March and 25<sup>th</sup> April and then we have refinement days where all the budget requests are refined down to manageable levels. With where we are with reserves we are probably looking at breakeven this year. The last couple of years we put in investment budgets.

TW – we need to look more at the business review before we look at any further investment budgets.

AC – would quite like to get to a core budget that breaks even and then if we have investment budgets, they sit below the line like they did this year. We've spent £200k of our reserves now so we don't want to dip into that. If we create a surplus then we can have a plan for that. Feels this is how we should budget going forward until we have a proper investment plan for any surpluses / reserves we have.

IL – are we running a 5 year budget as well?

AC – yes it's part of what we're doing this year but it was stalled due to the business review. Hopefully by the end of the year we will have a 5 year business plan and budget.

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

### **5.3 Reserves Policy Review for discussion and approval (AC)**

Paper taken as read

NJ – this has been to Leadership already and we need to decide on option a or b.

TW – is there not an action from Leadership that the Sabb team were going to have a discussion on the most appropriate from a or b?

OB – we were split as Sabbs so it was up to NJ to make the final decision.

NJ – prefers option b.

AC – this paper is asking specifically only about the amendment of how we manage the £25k project fund because we can't sustain £25k annually out of reserves so therefore how that was managed was missing. The 5 year planning is what we do with the reserves in total so this paper was about how we maintain our level of reserves and still allocate £25k per year.

IL – what was the Sabbs view on it?

NJ – the Sabbs majority was 3/2 for option b.

AC – the options were a definition between whether you go for the criteria having to be ‘to the enhancement of education’ or whether it has to be the broader definition (both taken from the mem & arts). But it’s not just that definition. What’s being approved is the process of giving away £25k and getting it back into reserves which is the most important part.

DA – why can’t the £25k just be budgeted. Why does it have to come from reserves?

AC – it can but then every year we would have to deliver a £25k surplus. This would be another option which can be considered.

NJ – to clarify. This is £25k that has to go back into reserves?

AC – yes, so the reserves policy which was reviewed last year, allocated £25k for student led projects. It came up because OB pointed out that no-one knows about this and following from that we identified that if the £25k gets spent how does it get back into reserves? The alternative is that any funds that come out one year, we would have to budget the next year for that amount as a surplus to replace it (as suggested by DA). If £25k was used then we could budget £5k surplus over future years to replace reserves which would be more realistic.

NJ – this is only a one year loan so the projects have to become self-sustainable after the first year.

OB – couldn’t see any one group asking for the full £25k.

AC – we could have 10 people asking for £2.5k.

NJ – who signs off the funds?

AC – Leadership or F&R Committee could sign off the funds.

IL – if it takes the reserve amount down by £25k are we happy for that to happen for short period of time?

AC – it’s a separate amount of money. So we’ve got our set reserves to cover the required period plus £25k.

IL – so this £25k is never really hitting reserves.

AC – yes but what we’re saying is that we’re changing the £25k for a figure between £5k and £25k and this is the process is what we’re approving.

IL – there is no risk to reserves?

AC – no because it’s not part of the main reserves.

IL – so where’s the risk of it going out on day 1?

OB – we then have up to 4 years to recoup it so the financial risk is in getting the money back.

TW – does the risk not come next year? Year 1’s not the risk. That comes in future years.

OB – this doesn’t seem to be anything to do with reserves as it seems to be separate.

AC – it’s not free reserves, its designated reserves but it’s not in the budget but in the reserves policy.

IL – why is it in the reserves policy?

AC – this was what was proposed and passed. It came from another Union as a way of holding funds. If you put it in the budget and it’s not spent then it becomes surplus and it disappears. The ethos of having an amount of money invested that can be allocated to students who come up with an idea that is worth investing in. Therefore that investment is designated for that purpose to always be there.

IL – there are 2 things: we have a reserves policy which we are obliged to fulfil through the Charities Commission and this has got nothing to do with that reserves level.

AC – no, it has nothing to do with that reserves level but it sits within our reserves policy.

IL – but all we're doing is allocating it. Would like to remove it from our in-capital reserves policy and allocate it as a budget line to continue to be spent. Doesn't think there's a problem with that. If it isn't spent it won't go away as there is a budget line for it going forward. Can we not do this as it's confusing that it's been attached to the reserves policy?

AC – yes we can do that but it's protected as part of the reserves policy and can't go on new staff for example.

IL – it would be protected as it would have its own investment budget line.

AC – if it doesn't sit in this policy then it isn't policy so it is subject to every annual year budgeting.

IL – that's correct but it's definitely not our reserves policy.

AC – disagrees. It is reserves. Not free reserves as it's designated within our reserves policy which is there to protect it.

IL – the reserves policy has a legal connotation to it as we are obliged by the Charities Commission to have a reserves policy. This bit is nothing to do with that reserves policy.

AC – it's nothing to do with our charitable requirement but in our reserves policy we choose to designate the £25k to students and we choose to have that within our reserves.

DA – if every month we have students who apply for money which is coming out of our reserves does this not look like we're unstable as we're constantly dipping into our reserves? Reserves should be there for a worst case situation. It shouldn't be there to be constantly dipped in and out of.

AC – they're reserves funds for a purpose. The big chunk of money is reserved for a crisis. This chunk of money is reserved for students to access if they have a project which meets the criteria.

IL – we could set these funds aside and call them something else.

AC – we could have a separate policy.

IL – what do Blue Spire say about being able to allocate the funds and keep rolling it over within the budget?

AC – it's designated funds which is fine.

NJ – are we ok with it sitting where it is in the reserves policy and being called reserves?

IL – thinks it should be separated out from the official reserves policy. If it sits in the budget it would be designated funds and can't be reallocated. So we as a committee are setting this figure, it can't be reallocated unless it comes back to this committee.

AC – the reserves policy currently says about the £25k to be allocated so we would need a new reserves policy.

DA – thinks it's a different thing from reserves which is about what happens if something goes wrong.

AC – there can be lots of different things in reserves policies that say these aren't crisis reserves but they are designated for different things that those charities need.

DA – just thinks that even if they are in the same policy they should be clearly under different headings.

AC – happy to put in a budget line but the concern is that if it comes out of the policy, where is it protected?

IL – if the line is locked in the budget and it's not spent then there will be £25k surplus for next year.

AC – so we'd be budgeting for a £25k surplus every year?

IL – no because we'd be looking to spend it within the year and if you don't it would be surplus for next year. If you do spend it, it would be allocated in next year's budget rather than eat into the reserves.

TW – this is a discussion about semantics about where it sits (budget/investment/reserves).

IL – finds the fact it sits in the reserves policy confusing as thinks the reserves is the crisis fund you don't dip into unless you really have to. Should that not be in the budget?

DA – unless we're saying that the £25k is for when there is a significant impact in terms of something the University does that is so serious that as a Union we need to spend that money on it.

AC – that's why it's in the reserves policy. Would it be helpful to call it something else so it's clear that it's separate? The Reserves and Designated Funds Policy?

DA – and add the significant impact and that's its only to be used in emergency situations with proper business cases and proposals submitted.

AC – would you like an addition that those have to be approved by the F&R Committee or should that be allocated to Leadership?

IL – Leadership should have a figure they can authorise up to £5k and outside of that comes to F&R.

**FINANCE & RISK COMMITTEE APPROVED THE AMENDMENT OF THE POLICY TITLE TO RESERVES AND DESIGNATED FUNDS POLICY, STRENGTHENING THE WORDING REGARDING SIGNIFICANT IMPACT. £5K AUTHORISATION AT LEADERSHIP AND ALL CASES REPORTED TO F&R.**

**FINANCE & RISK COMMITTEE APPROVED OPTION B**

**Action: AC to amend the policy title to Reserves and Designated Funds Policy, strengthening the wording regarding significant impact. £5k authorisation at Leadership and all cases reported to F&R.**

#### **5.4 Approval of Finance & Central Administration Manager and Finance Coordinator to be set up with simple servicing authority in Barclays**

AC – currently only the signatories have access to administer the bank accounts so when we need to stop a payment etc., the finance team can't do it. This authorisation is to streamline the process. This will give the FACA Manager and Finance Coordinator permission to do the following: balance enquiries, funds transfers between accounts in the same name, general transaction queries, statements queries, copy statements, direct debit and standing order queries, order credit and cheque books, stop cheques or payments, arrange collection of encashments and drafts and confirm authenticity of payments. This will not give them permission to sign anything or set up new bank accounts.

NJ – what's the risk?

IL – social engineering is a real big risk. CEO's are sending emails to accounts departments saying can you transfer this amount to clients or one of our other accounts ASAP. The accounts department do this and then find it's not a real email and different name and accounts numbers are used. The banking system does not correlate bank account numbers and names, it's a massive flaw in the banking system.

TW – we could use the same process as the BACs process which is a double check system.

IL – with a wider issue of looking at Social Engineering with Blue Spire.

**FINANCE & RISK COMMITTEE APPROVED THE FACA MANAGER AND FINANCE COORDINATOR TO BE SET UP WITH SIMPLE SERVICING AUTHORITY IN BARCLAYS SUBJECT TO THE INTRODUCTION OF A TRANSFER PROCESS ALONG THE SAME LINES AS THE BACS PROCESS TO PROTECT THE FINANCE TEAM AND DISCUSSION OF SOCIAL ENGINEERING WITH BLUE SPIRE.**

**Action: AC to discuss the introduction of a transfer process along the same lines as the BACs process to protect the Finance Team and discuss Social Engineering with Blue Spire.**

## 6. Risk Management

### 6.1 Update on Risk Register (TW)

Report taken as read.

TW – weightings added to strategic risk as per action from last meeting.

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

### 6.2 Update on H&S Policy (TW)

Report taken as read.

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

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

Report taken as read.

TW – alongside this we have the student media policy which is being discussed at Trustees. As far as we understand from our insurers, we are not currently covered for libel as we do not have an approved editorial policy in place. The policy that has been created does meet all the insurers needs but IW and Leadership have said the guidelines are not suitable for students so we can say yes it is approved and tell the insurers it's approved but we are then making our student media groups roll out a policy which we are not quite sure is fit for their guidance. It is currently on AC to do list.

AC – can get it ready for next Board.

IL – can it go to IW first?

AC – he's had it but it needs to be re-drafted and sent back to IW.

IL – the risk is minimal but it needs doing.

TW – we can manage most of the risk in-house.

AC – the policy doesn't have to be approved by Board.

**Action: AC Editorial Policy to be updated as soon as possible and implemented once sign off by IW then reported at BoT rather than approved there.**

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

### 6.4 Accident Update (TW)

Report taken as read.

AC – are there any issues that the university H&S Committee have picked up as concerns. This time last year they picked up rugby.

TW – no, the last H&S Committee there was nothing of concern. Next meeting is in 2/3 weeks.

NJ – the rugby injuries were picked up by Governors.

TW – we have put in quite substantial measures for rugby and this is being used as a national case study as we are so far ahead of the provisions provided by other Unions/Universities.

AC – we’ve had 2 rounds of first aid training.

TW – and the H&S Coordinator will pick this up again at the start of the year setting training plans.

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

**DA left the meeting**

**6.5 Section 75 Update (AC) – CONFIDENTIAL DISCUSSION. REPORT TABLED**

**Action: AC to update the University on Section 75.**

**FINANCE & RISK COMMITTEE NOTED THE UPDATE ON SECTION 75**

**6.6 Prevent Update (AC)**

AC – as the F&R Committee are aware, we agreed a framework with the University. Since then the Islamic Society amongst other societies have declared that they want to campaign against Prevent and not work with Prevent (meeting ISOC on Friday) which puts us in a different position than we were before. It’s the same position that RJ is in at Kings but they still manage to maintain a working relationship with the University as if students want to use University facilities there then there has to be an element of collaboration going on. It’s quite useful that RJ is going through this and we will be able to learn from her. The situation has changed since we last met but we don’t know yet what the societies mean by this.

OB – the president of ISOC is being made the face of a couple of other societies wanting to push this forward.

AC – meeting with him and NJ on Friday to get a proper understanding of what it is they want to do and how this impacts on what we are doing.

OB – not sure that it’s realistically possible to meet the expectations of the University and the Prevent the Prevent NUS cause.

AC – until we know the expectations of the students we can’t possibly make that call. The University has been updated and they are very supportive of students doing what they believe in. They will do everything they can to meet their legal duty at the same time.

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

**7. Audit**

**7.1 Update and discussion on Finance Department Audit and Development Project (AC)**

Report taken as read.

**CONFIDENTIAL DISCUSSION**

**CONFIDENTIAL DETAIL**

AC – would like to formally minute the input and support from Blue Spire has been fantastic.

**FINANCE & RISK COMMITTEE NOTED THE UPDATE ON FINANCE DEPARTMENT AUDIT AND DEVELOPMENT PROJECT**

## 8. Any Other Business

None

Date and Time of Next Meeting

Tuesday 24<sup>th</sup> May 2016 at 3.30pm, Board Room, Gun House

### ACTIONS

Action	Who	Update	Status
5.1 – Make amendment to budget process to enable review and reallocation of funds if funding review not passed	AC	To be completed via proposal to Leadership if required	Completed
5.1 – Ask BM to buy more course rep hoodies with the outstanding funds	AC	AC emailed Experience Team on 24th Feb and the matter is resolved	Completed
5.1 – Provide clarification on the investigation into to fleet costs	AC		Completed
5.1 – Query why the bad debt for the activity that didn't happen is classed as a bad debt and hasn't been credit noted off	TW		Completed
5.1 – CONFIDENTIAL ACTION circulated separately	TW		Completed
5.3 – amend the policy title to Reserves and Designated Funds Policy, strengthening the wording regarding significant impact. £5k authorisation at Leadership and all cases reported to F&R	AC		Completed
5.4 – Discuss the introduction of a transfer process along the same lines as the BACs process to protect the Finance Team and discuss Social Engineering with Blue Spire.	AC		Completed
6.3 – Editorial Policy to be updated as soon as possible and implemented once sign off by IW then reported at BoT rather than approved there.	AC	To SF&G 14/4/16	Completed
6.5 - Update the University on Section 75	AC		Completed

### CONFIDENTIAL ITEMS

5.1 - Management Accounts	CONFIDENTIAL DETAIL
6.5 – Section 75 Update	SUSS PENSIONS MATTER – CONFIDENTIAL DETAIL
7.1 - Finance Department Audit and Development Project	CONFIDENTIAL DETAIL

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

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