

**Finance & Risk Committee**  
**MINUTES**  
**3.30pm 24<sup>th</sup> November 2015**  
**Room 1, The Union Building**

**Present:**

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

**In Attendance:**

Lucy Simpson – Minutes

**1. Apologies for Absence**

Apologies received from Chereilyn Cuthbert.

**2. Declaration of Interests**

None.

**3. Minutes of Previous Meeting**

Minutes from 25<sup>th</sup> August 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.

**For Feb Meeting**

**4.2** Draft investment proposal for improvement plans to the Meeting Rooms - TW (will complete for November investment round) – **Agenda Item 5.4**

**4.3** Provide an overview of the financial procedures when complete – **CC Agenda Item 5.3**

**5. Business Matters**

**5.1 Quarterly management accounts – tabled - CONFIDENTIAL STAFFING DISCUSSION**

AC – to give some background as to why the papers have only just been tabled. This has underlined that we need to do some significant work on risk management to prevent this happening again. There is not one reason why this has happened but there are a number of reasons and all of them need to be looked at. The investigation is starting tomorrow morning. As per discussions at Board of Trustees we have some significant issues with the accounting company responsible for the transition from Sage to Xero. Those issues continued and this is one area that needs investigation. The second issue - **CONFIDENTIAL STAFFING MATTER**. Apologies that the accounts have only just been produced but TW/AC are confident that 95% is correct and 5% (amounting to about £10k turnover) requires investigation.

IL – what type of discrepancies are we looking at?

AC - £5k stock reporting discrepancies which doesn't tally with our internal stock reporting system. Online transactions are £2k higher than anticipated and some miss-posting which is another £3k.

IL – so these are understandable errors and we are confident these are errors and not fraudulent activity, as this needs to be asked when there are any discrepancies (from a trustee viewpoint).

AC – 100% confident as we have gone through the accounts line by line.

TW – supports this.

AC – the plan is to carry out an investigation with Blue Spire who have been dealing directly with us and the accounting company and then there will be some internal investigation. We will then have discussions with the accounting company about the issues we have with them and report back for F&R before the next meeting. AC asking F&R to approve funding to provide resource (potentially from Blue Spire) to sort out the finance department as AC doesn't have the expertise to help and the team can't do more.

**CONFIDENTIAL STAFFING MATTER**

AC – to confirm the required resources will be outside budget and an overspend from reserves.

**CONFIDENTIAL STAFFING MATTER**

IL – when the figures are together would like to know how much the resource is costing and how long we anticipate that resource will be in place.

**FINANCE & RISK COMMITTEE APPROVED THE OVERSPEND FOR RESOURCES TO SUPPORT THE FINANCE TEAM.**

**Action – AC to update F&R when figures for additional resources for Finance Team have been identified by 4/12.**

**UPSU Management Accounts Notes discussed as per the Accounts:**

AC – Schedule 7 shows the pension deficit as we pre-pay to SUSS to get an 8% discount even though it doesn't hit our bank account that way. This will always skew the management accounts and Blue Spire have advised us that we cannot put in the month by month cost so management accounts will always be out by the £5k per month that we would have put through.

IL – can we not re-adjust it?

AC – we were talking today about how we can do this but we haven't had time to do this yet. We re-checked today with Blue Spire as these are management accounts not year-end accounts and it will cause an issue with skewed figures.

AC – Schedule 7 also shows the online charges (the £3k that we need to investigate). TW is investigating why the online charges are so much higher as even though retail was higher the online shop retail is nowhere near what this charge shows.

TW – we have a suspicion it is to do with student group online payments (Christmas meals / training etc). These used to be cash transactions via the shop but they are now done online and we incur the charge which we don't pass on to students. Further investigation is required to see what the issue is.

IL – can we reduce the 2.4% that we get charged for online transactions?

TW – this is the lowest rate we can get (charity rate).

TW – Schedule 8 shows cost savings made due to changing of suppliers, however more stocks are required so funds will probably be spent.

AC – Schedule 9 further analysis is required of AU and Societies income and expenditure. We were looking for an £8k increase in membership income this year budgeted verses last year but only half the societies have met those budgets. There is a trend on both societies and sports that we have more members but they are joining (in societies case) free or lower cost societies and this also translates across to the AU as there are more members but in the lower cost clubs. That's impacted on the income. There's no risk to the

organisation because they have individual budgets and if they don't have the income from membership then they don't spend the money so there's no impact from that reduction in income. However now we have these figures we need to do some work with the teams and see where we are group by group and club by club to ensure we are managing them and they are aware that these figures have hit their club budgets.

NJ – is the surplus in the AU just the majority of membership money not facilities/coaching etc?

AC – unsure at the moment. VAT on societies hasn't been done yet so that figure is not in yet.

AC – headline we're ok at end of first quarter with underspend of £114k

IL – is this surplus a real surplus and what is phasing?

AC – will do a real surplus picture as a note to the Management Accounts when final version is circulated.

**Action – AC to note real surplus picture and circulate final version of Management Accounts.**

#### **PSUT Management Accounts Notes discussed as per the Accounts:**

TW – PSUT looks like it's doing well and we are doing ok but phasing is skewing it. Domino's should have given us the £20k over monthly instalments but paid us upfront. Staffing costs higher due to back filling and supporting where staff left. Advertising not as strong as it looks due to phasing and lump sums that have come in. Sponsorship looks up £1k but this is due to us still facilitating students groups and taking 10% which we didn't budget for. Purple Wednesday is doing very well. Good income from Freshers Fayre – 100% up. There are a few things we haven't ventured into that we said we were going to, mainly due to staff changes.

IL – what concerns do you have?

TW – advertising sales probably most concerning and other Unions are finding the same. Traditional means are slowing so we are trying to react but we have been slow. The sales team are very social sellers (they have social conscience) and they don't like selling things to clients when they know the client won't get the return. We are adjusting the model to facilitate longevity.

NJ – is all the technology stuff starting next month?

TW – there's already £3k gone out this month but again phasing where we haven't been billed yet.

OB – on PSUT we've got Icon Space as on-site activity but it's not budgeted.

TW – it was a left over from where we budgeted which was a nice to have but then realised it wasn't feasible so it's just a zero line.

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

### **5.2 Update and discussion on 5 year financial planning project (AC)**

AC – requested this roll to Board of Trustees due to time constraints with the Finance issues. Brief update, AC/NJ/TW/RB have been working on scenario planning so rather than look at numbers and up-scaling we are looking at where we want to be in 5 years time and then, how much is that going to cost us. We've worked on department by department analysis looking at Baseline, Realistic Aspiration Scenario and Ground-breaking in our Sector Scenario. When all of this is put together (hopefully in time to show to our business

consultant) then we will start to do some consultation and put some numbers against it. Will bring to Board of Trustees with the report from our Business Consultant and then both of those reports will inform what we do when we start our strategic planning cycle which will start summer 2016.

***FINANCE & RISK COMMITTEE AGREED TO ROLL THE 5 YEAR FINANCIAL PLANNING PROJECT TO BoT 12/01/16***

### **5.3 Overview of the financial procedures**

Report taken as read.

AC – Board made a decision they did not want see the whole financial procedures every time it's updated so this is a list of things that have been updated in the financial procedures.

NJ – University Internal Auditors did a report which included a section on the SU. Are we aware of this?

AC – was in the Audit Committee. The University had an audit by BDO who looked at finance and governance and they raised some issues. Actions went to trustees which would take us from good to great rather than any major issues. There were some issues that were raised around safe checks which weren't being done as regularly as they should have been which has been rectified. There was also some cash handling aspects and the University cash handling person is now a link with us and they have shared best practice on safe access. They also wanted inclusion of various things (like refund policy and credit card procedures) into the financial procedures. Some of their recommendations we have taken forward but some don't fit with our organisation as we do some things differently than the University. Our external auditors are more than happy and our audit is completely clean and has been for many years. We have fed back to the University which of their recommendations have been actioned and those which have not.

***FINANCE & RISK COMMITTEE NOTED THE OVERVIEW OF THE FINANCIAL PROCEDURES***

### **5.4 Draft investment proposal for improvement plans to the Meeting Rooms**

Report taken as read.

AC- we are asking the University for these funds?

TW – yes £17k.

IL – whilst there are negotiations going on about how the Union should look in the future, they will be taking into account what we currently have. So continuing to put a stake in the ground to say we would like this piece of land/real estate and we are very happy for you to add it into our lease now, is going to inform that discussion.

TW – has been through that route to get these meeting rooms but the Director of Estates said no. We are working on a plan to get more control. Currently the building is shared between the library, us and conferences & lettings (catering etc). We are working with the University to phase out the library as they don't really have much of a stake in it so it becomes ours during term time and outside term time we hand over to conferences and lettings. No one takes any ownership or responsibility for these spaces.

AC – because they're in master planning, from their point of view, they don't want to give us any more space as that then becomes norm and we'd want more and more.

IL – they can't have it both ways, let us use it and also expect us to pay for the refurbishment.

AC – so the reality is that there is a significant possibility that this won't happen as the reason we did all of the other spaces is because, yes it's on their list but it's not to be done for another 4/5 years.

TW – for maintenance they have allocated is £6k for the next 12 months.

AC – and that's for leaks and other urgent maintenance issues not for niceties like this. Which is why we ended up paying for other spaces last year. We'll put this proposal through but it might not be agreed.

**FINANCE & RISK COMMITTEE NOTED THE DRAFT INVESTMENT PROPOSAL FOR IMPROVEMENT PLANS TO THE MEETING ROOMS**

## 6. Risk Management

### 6.1 Update on Risk Register (TW)

Report taken as read. Paper on Strategic Risk tabled.

TW – the report is more operational risks. The paper tabled by AC is more strategic risks which is what F&R need to see. The areas highlighted are the starting of the operational level risk register which the managers are currently going through the process of reviewing and finalising. This process is taking longer as there is a learning curve for our managers which is more substantial than anticipated (it will be completed by Christmas).

IL – can there be weightings added to give more focus on what are the real risks? This will enable KPIs to be produced and it will show where risks have been reduced and mitigated and even removed where possible?

**Action – TW to add weightings to the Strategic Risks**

NJ – is there anything on risk to the SU brand?

AC – that would be included in things like conflict between commercial and charitable activities (reputational risks).

TW – it gets picked up in point 6.

AC – it also gets picked up from a brand point of view in point 9.

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

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

Report taken as read.

NJ – this was approved by Leadership on 10<sup>th</sup> November 2015.

TW – an extensive piece of work and the University H&S Office have also approved it and the feedback received that it was excellent. The idea of multiple chunks was best practice and the AtoZ arrangements could be updateable if/when we amend them rather than keep having a new policy approved for every update. It is based on the University's H&S policy and it is going to the University's H&S Committee in March to note.

NJ – has the H&S coordinator passed his NEBOSH yet?

TW – not yet but it has no impact as it's not a requirement. The course has now been re-opened so if the coordinator wants to complete the course he can. The practical course has been completed but he just needs to complete the exam.

**FINANCE & RISK COMMITTEE APPROVED THE H&S POLICY**

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

Report taken as read.

TW – asset management is probably our biggest process risk. SU groups take SU assets home and don't bring back at end of year. The insurance process (and Endsleigh) have confirmed that we are more than adequately insured.

IL – do we have a booking process for assets?

TW – we have a booking process but it's ad hoc.

DA – assets are sometimes signed for.

OB – can we invest in asset management software?

TW – this would be the way forward with fixed bar codes for the sheer volume of assets we have spread so far. It is a complex process.

OB – does this link to the investment in Ipad?

TW – yes and it was in the accounting company's brief to link assets to Xero but we're not sure we are going that way now.

IL – it's defining your assets to a state where you would define them as permanent and valuable/attractive or consumable where you would buy them to write them off (e.g. socks). The ones you want to define, you would want to audit at the end of the year. At every stage down the line someone has to be accountable for that asset knowing that if you sign for an asset you will be paying for it if you don't return it at the end of the year. Defining the top end should be easy and this will lead to the back end procedures which is more difficult.

AC – there are a lot of valuable assets in the clubs. We received a large amount of scrutiny about the UPSAC equipment that was stolen, the underwriters did a huge investigation and if we don't have processes in place then we won't be able to claim on insurance. So this was a good process to go through and we were lucky that the equipment that was stolen was as secure as it was.

IL – this equipment needs to be checked periodically as well and you can only do this if you know what you have to be checked.

TW – PAT testing is a full time job and Estates is supposed to provide this as it sits with the University. Has had conversations with the H&S officer about it and told them we are not compliant with regulations and probably UK legislation. Told them we can't get anything from Estates even though they are supposed to provide this for us and asked if we can get an external contractor which we were told absolutely not as for the University policy it has to be done via their contractors but we have at least got this logged in writing from the University that it is sat with them.

IL – PAT testing is one thing but do we have a provider to test scuba equipment?

TW – we have an external contractor who does that and we believe it is documented but it is one of the risks we have picked up. Sub-aqua does have a safety officer and something we are discussing is asking student groups to appoint safety officers to take responsibility.

IL – as a Union we should be documenting everything being reported so we can carry consistency to mitigate any risk against them.

TW – there is going to be a lot of process coming but we are going to have to work out how that process is sourced (externally or internally).

IL – look at the high risk things first (e.g. scuba diving equipment).

NJ – is a review is being done next year with a view to implement a new asset management process?

TW – it’s being done across the course of the next year – it’s a big project. All of sky diving is done with an external company so they don’t hold any equipment.

IL – for due diligence should we be checking out that company?

TW – this would be the next stage.

NJ – is there a compliancy issue?

TW – the things we aren’t compliant with do not concern the University (e.g. PAT testing). The fact we have logged this with the University means we have done the processes we need to do and the fact they’ve put the road black in our way is not our problem. All calls and emails to Head of Estates are being documented.

**FINANCE & RISK COMMITTEE NOTE THE INSURANCE REVIEW PROJECT**

**6.4 Section 75 Update (AC) – CONFIDENTIAL DISCUSSION**

**Action – AC Confidential Action.**

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

**7. Audit**

**7.1 Final Audit Report from Blue Spire and update on status of annual accounts (AC)**

Report taken as read.

AC – final audit report all fine and the annual accounts have been signed and filed and seen by University Finance Committee.

**FINANCE & RISK COMMITTEE NOTED THE FINAL AUDIT REPORT AND UPDATE OF ANNUAL ACCOUNTS**

**8. Any Other Business**

**8.1 Accident Reports**

AC – do accident reports need to come to this Committee?

IL – yes trends, stats and what we are doing in terms of mitigating risk. We do not need to see every report. There are some things we should know sooner (e.g. deaths should be reported within 24 hours) so we need a process which says what level of accidents do Trustees of this Committee get within a very short window of time because we need to be aware. We should also be reporting certain things within the same windows to the Board of Trustees. As if something hits the press we need to know to enable questions to be fielded.

**Action – TW to produce Accident Report of trends, stats and mitigation for next meeting.**

**8.2 Prevent Update – CONFIDENTIAL DISCUSSION**

**Action – AC to add Prevent Update to future agendas.**

Date and Time of Next Meeting

Tuesday 23<sup>rd</sup> February 2016 at 3.30pm, Room 1, The Union Building

**ACTIONS**

Action	Who	Update	Status
4.1 – Reserves consultation and planning to continue – reporting back in Nov/Feb	AC & Group	For Feb Meeting	

5.1 – Update F&R when figures for additional resources for Finance Team have been identified by 4/12	AC		Completed 3/12
5.1 – Note real surplus picture and circulate final version of Management Accounts.	AC	will be circulated as a full forecast with November Management Accounts	
6.1 – Add weightings to the Strategic Risks	TW		
6.4 – Confidential Action	AC	CONFIDENTIAL	Completed
8.1 – Produce Accident Report of trends, stats and mitigation for next meeting	TW		
8.2 – Add Prevent Update to future agendas	AC		Completed

**CONFIDENTIAL ITEMS**

5.1 – Quarterly Management Accounts	CONFIDENTIAL STAFFING MATTER DISCUSSION
6.4 – Section 75 Update	SUSS PENSIONS MATTER – CONFIDENTIAL DETAIL
8.2 – Prevent Update	CONFIDENTIAL DETAIL

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

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