



## FINANCE AND RISK COMMITTEE

The first ordinary meeting of the Finance and Risk Committee for the 2017/18 session, was held on Wednesday 11 October 2017 in Meeting Room 6, Beit Quad at 14:00pm.

## Unconfirmed minutes

Present:	Jill Finney Tom Bacarese-Hamilton Matt Blackett Tom Waite	Finance and Risk Chair Deputy President (Clubs and Societies) Deputy President (Finance and Services) Elected Student
In Attendance:	Jarlath O'Hara Malcolm Martin Angela D'Souza Edmond Burke	Managing Director Head of Finance and Resources Administration Support Manager Finance Manager
Apologies:	Alex Chippy Compton	Union President

<p>Item 1 - Welcome</p> <p>1. The chairperson welcomed the Group to the first meeting of the 2017/2018 year.</p> <p>Item 2 - Declaration of Interest</p> <p>1. None noted.</p> <p>Item 3 - Apologies</p> <p>1. Alex Chippy Compton</p> <p>Item 4 - Minutes from 14 June 2017</p> <p>1. Target date should be set for completion of the new Online Retail Launch.</p> <p><b>Action 1: JOH to provide date at 26<sup>th</sup> October Board meeting.</b></p> <p>2. KPIs</p> <p><b>Action 2: JOH to come to October Board with a framework for the Balance Score Card.</b></p> <p>Item 5 - Electronic vote</p> <p>1. Acknowledgement that the electronic vote was received and actioned on the 22<sup>nd</sup> September, in addition to the minutes of the 14<sup>th</sup> June, for clubs and societies to increase their minimum authorisation levels against spending requests from £20 to £50.</p> <p>Item 6 - Action Tracker</p> <p>1. EPOS Dashboard Implementation.</p> <p><b>Action 3: MM to circulate paper by 30<sup>th</sup> November ahead of the next Finance &amp; Risk meeting.</b></p>	<p><b>Action</b></p> <p><b>Managing Director</b></p> <p><b>Managing Director</b></p> <p><b>Head of Finance &amp; Resources</b></p>
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<p>2. Foundry - Lessons learned.</p> <p><b>Action 4: JOH to present for discussion at Finance &amp; Risk meeting in January 2018.</b></p> <p>Item 7 - Committee Work Plan</p> <p><b>Action 5: MM to add in Commercial Strategy into the Work plan</b></p> <p>Item 8 - Management Accounts (July 2017)</p> <ol style="list-style-type: none"> <li>1. The Union's total income for July was £15,102 ahead of budget. Total income for the year was £15,195,973, 6% higher than the previous year and £232,849 ahead of budget.</li> <li>2. Largely due to stronger than expected trading results across the licensed trade areas and Retail.</li> <li>3. Expenditure overall was £48,275 over budget for the month, reflecting the impact of year-end adjustments and timing issues.</li> <li>4. Salary costs were £61,788 under budget. Savings on permanent staff costs due to a high level of staff turnover during the year, offset by significantly higher than planned temporary staff costs. This was driven mainly by the higher than expected trade volumes in the licensed trade areas and permanent staff hiring delays.</li> <li>5. Short term cash balances remain adequate. Union is reviewing its long term investment strategy to ensure any surplus cash is invested to yield an appropriate return that is consistent with its ethical investment objectives.</li> <li>6. The Debtors balances outstanding greater than 90 days decreased from 61% to 12%. This reflects some good work on credit control from the finance team.</li> <li>7. The Union ended the year in a very healthy financial position having achieved a surplus instead of a deficit, as had been budgeted. Beit bars and catering capitalised on a busy season at the BBC Proms.</li> <li>8. August Accounts summarised. Mixed set of results so far. Income for August for the Beit bars is currently 20% below budget. Reflects much quieter BBC Proms season this year than had been anticipated. However H bar sales performed strongly and were 35% ahead of budget.</li> <li>9. Timing differences. Income from membership received early. Expenditure wise there were staff cost savings in Marketing, Student Activities and Student Development due to vacant positions. Sales &amp; Sponsorship role remains vacant.</li> <li>10. College have not billed us as yet for two of the officer trustees. This will be corrected in September. Overall we are ahead of budget for August.</li> </ol> <p>Item 9 - Balance Sheet</p> <ol style="list-style-type: none"> <li>1. EB presented brief overview of the Balance Sheet.</li> <li>2. JF pointed out that we need to ensure we do not lose sight of the risk areas and present a clear narrative around this.</li> </ol>	<p><b>Managing Director</b></p> <p><b>Head of Finance &amp; Resources</b></p>
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<p>JOH agreed, while it was not topical for the month of July, it is certainly important to address this moving forward.</p> <p>Item 10 - Events Budgets and CSP Finance Group Report</p> <ol style="list-style-type: none"> <li>1. MB reported on the 13 events with expenditure over £10k as they posed the biggest finance risk. Both TBH and MB met with the CSP events teams to approve their budgets. These were also reviewed by the Head of Finance &amp; Resources.</li> <li>2. MB pointed out that the introduction of card machines at the ICSMU events were a great success and reduced the financial risks to managing such a big event.</li> <li>3. MB and TBH confirmed that all members are able to see all financial transactions of these events via Activities.</li> </ol> <p>Item 11 - Presentation of Annual Accounts</p> <ol style="list-style-type: none"> <li>1. The Chair introduced the new external Auditors, Crowe Clark Whitehall. Alastair Lyon presented a brief overview of the audit fieldwork on the financial statements of the Union for the year ending 31<sup>st</sup> July 2017.</li> <li>2. The audit findings report has been provided to management to consider and ratify on behalf of the Board of Trustees, in line with the governance structure.</li> <li>3. Significant audit matters identified as being critical to the financial statements were: Income recognition, management override of controls and valuation of the USS and SAUL pension scheme deficit liability.</li> <li>4. AL pointed out there is a high standard of financial management at the Union. Consideration should be given to creating a trading subsidiary if turnover is over £50k.</li> <li>5. MM confirmed that the internal auditors will interrogate all the financial systems later on next year.</li> <li>6. The Auditors Findings Report will be circulated to the wider Board to ratify on the 26<sup>th</sup> October 2017.</li> </ol> <p>Item 12 - Bank Account Closure</p> <ol style="list-style-type: none"> <li>1. The Operatic Society Tour bank account is an inactive account. The ongoing requirement for such an account was eliminated with the development of eActivities, which allows clubs to update their financial transactions online.</li> <li>2. This account costs the Union £87 per year to maintain. It has an administrative cost and governance burden as the bank mandate needs to be maintained and updated.</li> <li>3. Recommendation to close the account and update the mandate on the account to allow JOH, MM, ACC and TBH to become the new signatories</li> <li>4. Both recommendations approved. Henry Whittaker and Malcolm Aldridge will be approached to enable the update to proceed.</li> </ol> <p><b>Action 6: EB to contact relevant parties to update mandate and close account.</b></p> <p>Item 13 – Strategic Risk Register</p>	<p><b>Finance Manager</b></p>
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<ol style="list-style-type: none"> <li>1. A new SRR framework was introduced incorporating a RAG rating system for the residual risk status and also indicated the effectiveness of the control measures.</li> <li>2. JF commended MM on a good piece of work in progressing this.</li> </ol>	
<p><b>Risk 1:</b> “Failure to recognise, adapt or respond to the changing environment and dynamics of our membership or the College resulting in lower levels of engagement with the Union’s services and reduce relevance”</p> <p><b>Action 7: MM to re-word control in place ‘ensuring high relevance...processes’ to add clarity.</b></p>	<p><b>Head of Finance &amp; Resources</b></p>
<p><b>Risk 3:</b> “Failure to ensure the Union extends its physical presence in an increasingly geographically disparate College environment”</p> <ol style="list-style-type: none"> <li>1. There is a financial risk to Union’s commercial enterprises as well as the physical risk.</li> </ol> <p><b>Action 8: MM to amend impact to include a potential risk to Union revenue.</b></p>	<p><b>Head of Finance &amp; Resources</b></p>
<p><b>Risk 5:</b> “Failure to meet the increasing demands for quality advice and support for our membership across the College”</p> <ol style="list-style-type: none"> <li>1. JOH pointed out that there is an increase in demand for quality advice and if we are not well placed then this can become a more profound risk. We are working with Hannah Bannister, Head of Student Services at the College to develop a better understanding of the Advice service, the Union’s role and what College should be doing.</li> </ol>	
<p><b>Risk 7:</b> “Inability to secure a funding agreement with the College...loss of confidence in the Union’s management”</p> <p><b>Action 9: MM to change wording to read “Inability to secure a funding agreement with the College with an adequate level of funding to underpin delivery of our strategic aims...”</b></p>	<p><b>Head of Finance &amp; Resources</b></p>
<p><b>Risk 8:</b> “Failure to implement an effective people management strategy...weakening external standards”</p> <ol style="list-style-type: none"> <li>1. High turnover puts a strain on the remaining staff team.</li> <li>2. People Strategy to be signed off by the Appointments &amp; Remuneration Committee before the Investors In People re-accreditation in February 2018.</li> </ol> <p><b>Action 10: MM to review controls. Needs to include looking at the recruitment process.</b></p>	<p><b>Head of Finance &amp; Resources</b></p>
<p><b>Risk 9:</b> “ A significant failure to our IT systems...commercial activity affected”</p> <p><b>Action 11: MM to add in data breach as a specific risk.</b></p>	<p><b>Head of Finance &amp; Resources</b></p>
<p><b>Risk 10:</b> “A serious untoward behavioural incident...reputational damage”</p> <p><b>Action 12: MM to add in Crisis Communication plan as a pending control.</b></p>	<p><b>Head of Finance &amp; Resources</b></p>

<p><u>Risk 11:</u>” A serious health and safety incident.....prosecution”  <b>Action 13: Invitation at next Board meeting for discussion around safety management. JOH to lead.</b></p>	<b>Managing Director</b>
<p>Item 14 – Operational Risk Register</p> <ol style="list-style-type: none"> <li>1. MM pointed out that the ORR is moving forward. Department managers have identified their key risks. Consideration needs to be given to the way the items are consistently being scored. The reviewing process will be discussed further at the SMG meeting in November.</li> </ol>	
<p><b>Action 14: MM to discuss the ongoing review process with SMG at the 13<sup>th</sup> November SMG meeting.</b></p>	<b>Head of Finance &amp; Resources</b>
<p>Item 15 - Health &amp; Safety</p> <ol style="list-style-type: none"> <li>1. John Huckstepp Consultancy have reviewed the Unions procedures and practices, looking at 373 clubs, societies and projects. They were impressed with the systems that were in place.</li> <li>2. There was a level of assurance about the way the assessment data was captured. We were given some recommendations on ways to improve e.g. ensuring training requirements were met.</li> <li>3. On 26<sup>th</sup> September 2017 there was a Union health and safety audit carried out with the College teams, particularly looking at the motor clubs.</li> <li>4. The Union have as yet to provide a management response to the initial report provided and agree an action plan.</li> <li>5. The union has achieved the basic level of assurance and full compliance in some of the categories.</li> </ol>	
<p><b>Action 15: JOH to provide a one page summary and trajectory of improvements to Board of what we are doing in response to the safety management audits.</b></p>	<b>Managing Director</b>
<p>Item 16 – Summer Ball</p> <ol style="list-style-type: none"> <li>1. PB presented the review of the Summer Ball 2017 and 2018 milestones.</li> </ol>	
<p>Item 17 – Use of minibus fleet</p> <ol style="list-style-type: none"> <li>1. Verbal update on the coaches being used to take students to the Harlington matches.</li> <li>2. Discussion followed around providing coaches to take larger numbers out against the reduction in usage of the existing minibus fleet.</li> <li>3. The coaches are currently paid for by the clubs. The minibuses could be freed up to be used by other services.</li> </ol>	
<p>Item 18 – Designated Fund Provision</p> <ol style="list-style-type: none"> <li>1. The Union allocated £400,000 of the Union budget to Clubs, Societies &amp; Projects every year. This money is given as a grant.</li> <li>2. Any unspent grant is returned to the Union at the end of the financial year.</li> </ol>	

<p>3. Annually approximately £10 -£20k of the Union's CSP budget is not spent.</p> <p>4. The unspent amount for 16/17 was £41,925.</p> <p>5. Proposal to create a designated fund for the 'unspent grant' and ring fence it for renovating the CSP storage spaces and providing additional resources for printing 2017-18.</p> <p>6. The Finance &amp; Risk subcommittee will oversee the management of this fund.</p> <p>7. Proposal approved.</p> <p><b>Action 16: TBH and MB to research and review the improvements that can be made to have the highest impact on CSPs. Prepare report for Finance &amp; Risk Committee in June 2018 to review the use of the fund.</b></p> <p>Item 19 – Social Enterprise Strategy</p> <p>1. Verbal update from JOH regarding Dyson tender. No formal strategy in place as yet.</p> <p>Item 20 - Any Other Business</p> <p>1. None noted</p>	<p><b>DPCS/ DPFS</b></p>
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