

Finance, Audit & Risk Committee
MINUTES
4.00pm 25TH August 2015
Room 1, The Union Building

Present:

Nick Johnson (NJ - Chair), Orion Brooks (OB – via Skype), Jamie Mitchell (JM), Ian Lockwood (IL), Ian Watson (IW).

In Attendance:

Tom Worman (TW), Fern Lewis (FL), Rebecca Beard (RB), Joanna Miguens (JMg), Elisa Kanagarajah (EK), Carla Watton (CW), Anna Clodfelter (AC), Rhian Johns (RJ), Jon Phillmore (JP – Blue Spire), Lucy Simpson – Minutes

1. Apologies for Absence

None received. Chair welcomed new Sabbatical Officers CW/EK to F, A & R Committee.

2. Declaration of Interests

None.

3. Minutes of Previous Meeting

Minutes from 25th May 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 - **Carried Forward Action**
- 4.2 Draft investment proposal for improvement plans to the Meeting Rooms - AC (will complete for November investment round) – **Carried Forward Action**
- 4.3 Amend Sabb signatories in financial procedures - CC - **complete**

5. Business Matters

5.1 Quarterly management accounts

Taken as read.

IW – the 2 things which jump out are:

1. Underspend in Student Opportunities. Is there anything we could have done differently to make sure we spend as soon as we can?
2. We were gifted savings in vacancies which are unlikely to be repeated.

Without these 2 things it would be a different picture.

AC – we've also got over £20k of accruals which have been carried over for many years.

JP – these are purchase orders raised but invoices never received from various suppliers including managed services. Jan has gone back to the suppliers and we are confident these accruals will not be invoiced.

IW – it would be good to have visibility of this so we can make sure it doesn't mask any performance.

AC – we talk about the underspend in Student Opportunities a lot and it is due to clubs using historic figures for budgeting and year on year don't get spent. When we look at financial planning going forward we are going to have to change what we do as it is tying up all this money each year, delivering it as a surplus, putting it in reserves and students are not getting the benefit of it.

FL – students say ‘we got this last year so we want it this year’ even though they don’t spend it and a lot of what we are trying to do with club funding is say it’s there if you need it but think about different ways you can work with it.

FINANCE & AUDIT COMMITTEE NOTED UPSU Q4 MANAGEMENT ACCOUNTS

5.2 Draft Financial Projections

Report taken as read.

IW – is the pension liability factored into this projection?

AC – nothing is factored in other than what is stated in the assumptions. The pension contribution sits in the salary line. Section 75 liability is not included as this is just a starting point.

IL – should we be thinking about including this?

IW – believes we should have a worse case.

AC – we don’t have a figure to put in yet but an update will follow in BoT.

RJ – wouldn’t want to show this until we know the figure to put in.

AC – this is an internal document.

IW – it’s difficult to support this sort of shape knowing that a possible Section 75 liability is sat there.

AC – is not proposing we run down our reserves, this is a first picture with these assumptions.

IW – thinks this is a really useful exercise but where do we go from here in terms of finessing the model and building high case and other scenarios to try and stretch our thinking.

AC – alongside this piece of work we are engaging the NUS Strategic Support Unit to do a piece of work with us on looking at what’s happened out in the sector and we are also working with the University (who have recently done work with Sport & Rec and transformed how they operate and driven a lot of investment from the University into Sport & Rec). Those 2 things are to inform us how this is going to be modelled.

IW – as our main revenue stream we need to be sharing this information with the University.

AC – it is in NJ’s manifesto so it won’t be a surprise when we have the conversation with the Vice Chancellor on Thursday.

IL – have we built into this the decorations?

AC – it sits in the investment line in year 1 but not other years.

FINANCE & AUDIT COMMITTEE NOTED DRAFT FINANCIAL PROJECTIONS

5.3 Xero update

Report taken as read.

IW – the worry about financial systems is that it is easy to over engineer a relatively simple business. Would like to ensure it is cost effective and fit for purpose and wants to make sure that we have fully understood what we have committed to and that it works with other IT systems at the University.

AC – the driver for the change is that we were very process heavy so therefore very resource heavy which generates paper which has to be manually processed and filed. Along with a manual process comes a risk which was identified in our external audit from the University. So the driver was to automate lots of our manual processes.

TW – it is acknowledged that Sage has issues and is relatively confident that Xero is a better cloud based platform for our needs.

JP – has had limited use with other clients but it seems to be very user friendly and CC has gone through a thorough process to ensure it meets our needs and it is much less paper intensive.

IW –as long as people are keeping an eye on sales of bolt-ons and people who want jobs automated to make life easier as it is very easy to over engineer financial systems.

TW – CC was very focused on what we wanted from the system with year one being what we currently do but in a cost effective way and then if there are some nice bolt-ons, we may look at those later.

IL – what impact will this have on the auditing side?

JP – it's just a different method of getting the data out and making sure it is mapping over to the accounts correctly so shouldn't really impact on auditing.

IL – is there a greater cost implication of re-mapping?

JP – in terms of time there definitely won't be an increase in fees as the changes are not going to be significant.

IL – does JP use Xero?

JP – doesn't use any accounts packages but uses them to pull information out.

IL - The feedback from clients is that they like it a lot and it makes life easier.

AC – it is going live any day now so feedback will follow.

FINANCE & AUDIT COMMITTEE NOTED XERO UPDATE

5.4 Appointment of Auditors

Report taken as read.

NJ – tender document attached. Appointment of auditors passed at Leadership.

JP – audit update. Due to the size of the organisation UPSU qualifies for the audit team to identify Informed Management – individuals which have delegated responsibilities and capabilities to accept information and make judgements on it. Blue Spire view AC and CC to be Informed Management and as such any adjustments that come up in audit would be discussed with CC and they are UPSU accounts not Blue Spire's. This is the only thing that needed to be discussed and to ask if there has been any fraud?

AC – there has been no fraud. On the adjustments note with the management accounts, the turnout will be less than stated as there is some money sitting in opportunities which is students money (as per last year). Any membership monies that are unspent do not get clawed into reserves they go into the B accounts. It was approx. £19k last year but is nowhere near that sum this year (£4/5k).

FINANCE & AUDIT COMMITTEE APPROVED APPOINTMENT OF AUDITORS (5 for / 0 against / 0 abstain).

5.5 Financial Procedures

Report taken as read.

AC – this paper is a brief update on the changes we have done with the procedures, would the Committee want to see the financial procedures each time we review as this is stated in the procedures? Historically the whole thing has been brought to the F&A Committee every time there has been an update.

IL – doesn't want to see the whole financial procedures. Would like to be informed of any changes of substance and the judgement of substance is down to AC.

IW – they can be reviewed at audit by the auditors as external view is best practice and would like to see only major changes. Any significant changes outside audit can be run past the auditors as well.

IL – with the introduction of Xero are there any substantial changes to the procedures?

AC – the new procedures will reflect Xero and will be completed when CC returns.

IL – we could see these out of committee if there are any substantial changes with the introduction of Xero.

IW – is it just sign off limits changed?

AC – and also removing lots of the step by step instructions that can sit elsewhere.

IW – would like a risk profile to make sure we are following best practice.

ACTION: CC - to provide an overview of the financial procedures when complete.

FINANCE & AUDIT COMMITTEE NOTED FINANCIAL PROCEDURES

6. AOB

To note, the fees for Affiliate associations and alumni to remain static until review in line with new strategic planning.

AC – the committee needs to approve each year the affiliate and alumni fees as set out in the approved budget.

FINANCE & AUDIT COMMITTEE NOTED THE AFFILIATE ASSOCIATIONS AND ALUMNI FEES ALREADY APPROVED IN THE BUDGET.

7. Date and Time of Next Meeting

Tuesday 24th November 2015 at 4pm, 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		
4.2 - Draft investment proposal for improvement plans to the Meeting Rooms – (to be complete for November investment round)	AC	Changed to TW	
5.5 - Provide an overview of the financial procedures when complete	CC		

CONFIDENTIAL ITEMS

NONE

Minutes Approved: _____

Date: _____