

STUDENTS' UNION AT BOURNEMOUTH UNIVERSITY
AUDIT AND RISK COMMITTEE MEETING
FRIDAY 25TH NOVEMBER 2016 | 11AM-12PM
COMMITTEE ROOM | TALBOT CAMPUS
UNCONFIRMED MINUTES



PRESENT

Alexis Drayson (AD) *Staff Trustee*
Graham Briscoe (GB) *External Trustee – Chair*
Ian Catley (IC) *External Trustee*
Karen Churchill (KC) *Student Trustee*

IN ATTENDANCE

Alan James (AJ) *General Manager, Non-Trustee*
Emma Bonell (EB) *minute taker, Non-Trustee*
Lucy Filer (LF) *External Auditor, Filer Knapper*
Sarah Newland (SN) *Finance Manager, Non-Trustee*

APOLOGIES

Daniel Asaya (DA) *Sabbatical Trustee*
Mark Smith (MS) *Student Trustee*

1. WELCOME

GB welcomed all present to the meeting. EB noted that apologies had been received from MS and DA.

GB noted that there would be two changes to the agenda:

- AJ, SN and EB to leave the room briefly before the start of discussions regarding item 5.
- 5.8. to be discussed before 5.5.

2. CONFLICTS OF INTERESTS

No conflicts of interests were declared. GB declared he is a trustee at Gloucester and Bath Spa Students' Unions, and advised that any declarations should be raised as the meeting develops.

3. PREVIOUS MINUTES: 18TH OCTOBER 2016

GB queried the matter regarding building the Trustee Board as a team (as part of the Governance Review) and why it is for the end of the academic year rather than the start. AJ thought it would have been in preparation for the next year. IC added that the pre-Trustee Board dinner formed part of this team building, so steps have been taken to achieving it this year.

GB clarified the last paragraph of page 5 and explained that if the General Manager thinks likelihood or impact changes for an item in the Business Critical Risk Register at any point throughout the year then it should be presented to the Board.

All present approved the minutes as an accurate record of the meeting.

4. MATTERS ARISING

1. GB TO LIAISE WITH AJ REGARDING DEVELOPING A RISK ACTION PLAN: **COMPLETED (AND PART OF AGENDA TODAY)**
2. EB TO SEND ARC ToR TO NEW TRUSTEES. **COMPLETED**
3. AJ TO LIAISE WITH GB TO SLOT AN INTRO TO ARC INTO THE INDUCTION FOR NEW TRUSTEES. GB COULDN'T MAKE THE SLOT, BUT HAPPY TO BE CONSIDERED AT ANY FUTURE EVENT. **CLOSED**
4. AJ TO LIAISE WITH THE CONTRIBUTORS FOR TRUSTEE BOARD MEETINGS AND HIGHLIGHT EXPECTATIONS, E.G. TIMINGS. **COMPLETED**
5. EB TO ADD ITEM OF "TRUSTEE BOARD KPIS" TO AGENDA FOR NEXT TRUSTEE BOARD MEETING. **COMPLETED**
6. AJ/EB TO ADD THE DOCUMENT INTO THE BUSINESS CONTINUITY PLAN AS AN APPENDIX. **COMPLETED**
7. SN TO AMEND THE "AD" REFERENCES IN THE DOCUMENT. **COMPLETED.**
8. SN TO ADD THE CONSTITUTION AND BYE-LAWS INTO THE DOCUMENT. **COMPLETED.**
9. SN TO SAVE UPDATED DOCUMENT IN THE POLICIES FOLDER ON THE I:DRIVE. **COMPLETED.**
10. AJ/SN TO ENQUIRE ABOUT THE PROCESS FOR WEBSITE BACK UP. **CARRIED FORWARD.**
11. SN TO AMEND THE SCHEDULE TO REFLECT THE CHANGE IN DATE THAT ITEM 4B IS PRESENTED. **COMPLETED.**
12. SN TO CHANGE "REVIEW" TO "REPORT" AND CHANGE THE MONITORING OF IT TO ARC. **COMPLETED.**
13. EB TO UPDATE THE SCHEDULE TO TUNE INTO JUNE'S TRUSTEE BOARD MEETINGS. **COMPLETED**
14. AJ/GB TO DISCUSS POLICY REVIEW FREQUENCIES VIA THE TELEPHONE. **COMPLETED**
15. EB TO DOODLE THE 2017 ARC MEETING DATES. **OUTSTANDING.**

After discussing the Matters Arising, AJ, SN and EB left the meeting until called back in for item 5. Following their return into the meeting, GB explained that there was a comfortable conversation with LF and the ARC members. It was queried whether, with the number of policies, how do trustees ensure that these are being implemented. There should be a measureable target within policies; he added that this should be an agenda item for the Trustee Board. How can we be ensured they are being implemented? He also added that there is some level of comfort is given with the policies that are reviewed by BU, such as the Business Continuity Plan.

ACTION: EB to add *Policies' Measureable Targets* to the next Trustee Board meeting agenda.

5. APPROVAL OF THE ANNUAL REPORT & ACCOUNTS

5.1. AUDITORS MANAGEMENT LETTER 2015 – 2016

LF explained that the first recommendation was about cash handling. SN confirmed that the £23k was split between a number of safes and that appropriate insurance is in place for all safes. SN went on to confirm that appropriate steps have been made to ensure cash collections are done in a timely manner.

SN left the meeting whilst item 2 in the letter was discussed.

When SN returned, GB explained to her that the conversation was in relation to the final sentence of item 2, and that there was no hint or suggestion of the quality of SN's work, and more about time and support. He went on to add that AJ will continue the discussions with her.

LF explained item 3 (*Testing Controls*) and mentioned that very senior and experienced managers could review peers' roles to find areas of improvement and errors, which would cover an internal control side as well as efficiency.

Item 4 (*Cash Differences*) was relating to The Old Fire Station (TOFS) as there is a lot of cash dealt with, which inevitably means that there will, at times, be differences. She added that it also is a risk of fraud, so differences should be investigated. She noted that something additional needs to be put in place. GB suggested that new equipment is purchased, to which SN commented it would cost about £25k for new tills, and that a cost benefit evaluation would be needed. GB noted that he would like a review of accounting machines and systems. It was added that significant differences are flagged to managers. SN mentioned that the tills are reconciled on a nightly basis and that any difference of over £10 is worth investigation. It was agreed that till kit will be reviewed to see if fit for purpose over a 12 month period.

All present approved the document for presentation to the Board.

5.2. AUDITED ACCOUNTS 2015 – 2016

It was noted by AJ, following comments and actions from the recent Trustee Board meeting that the style of the document is not very user friendly, except with the recent addition from last year's President's comments in the Annual Review 2015/16 document. AJ appreciated the need to liven it up next year and make it more reader friendly.

LF and SN reported on the document. LF explained that the surplus difference between the audited and management accounts is due to the pension. She went on to explain the figures and that it is a better year from a trading and Block Grant point of view. She noted that a significant difference this year is that the pension deficit has been brought into the accounts, as opposed to having a surplus last year. She highlighted the balance sheet on

page 15, which shows a negative £635k because of this. She added that it is a defined benefits pension and the contributions will continue until 2022. and that as long as contributions are met then there is no going concern. It was stated that there is a need to monitor the contribution/recovery plan. LF added that if the pension is disregarded then the reserves are just under £500k, which fulfils the reserves requirement. GB expressed that there were no surprises.

KC sought some clarification on what the abbreviation “SCC” stood for on page 20; it was confirmed it is the Student Centre Café.

The VAT issue wasn’t included in the accounts last year but it was disclosed. LF drew attention to note 22 on page 28, which mentions the potential for it. The figure isn’t included because it is uncertain.

IC queried the status of the VAT issue, to which SN noted that the next tribunal hasn’t been declared yet but it has been hinted that it will be between January and March next year. She added that the process could take up to ten years.

KC noted that the cash at bank is high and queried whether it is an ongoing level, to which SN clarified that it needs to be at £500k at the end of the financial year to provide cash flow during the summer when income is very low.

LF explained that, due to a software issue, the disclosures of cash flow have not finished updating, but that she will circulate ahead of Trustee Board meeting.

5.3. ANNUAL ARC REPORT TO THE TRUSTEES 2016

5.4. ANNUAL SELF-ASSESSMENT FOR ARC

It was explained that the report is based on last years’. GB explained that a formal self-assessment was undertaken last year, and that one item missing from this years’.

ACTION: SN to put item 8.4. from self-assessment back into page 5 of the document as an action to carry forward.

GB noted he will liaise with SN regarding changes on page 6.

ACTION: GB to liaise with SN regarding changes on page 6.

All present approved the document for presentation to the Board.

5.5. APPROVAL OF ANNUAL ARC REPORT AND AUDITED ACCOUNTS 2015 – 2016

All present approved the document for presentation to the Board.

5.6. LETTER OF REPRESENTATION

LF noted that the auditors aren't able to check everything, and they are not aware of any breaches, and that there hasn't been much change from previous years.

All present approved the document for presentation to the Board.

5.7. AUDITORS ETHICAL CONSIDERATIONS

LF mentioned that this is an important area and has been new in past few years. GB expressed comfort with the Auditors, and would be proposing a recommendation to Trustee Board.

5.8. AUDITORS NOTE RE GOING CONCERN & FRS102

GB expressed that he was comfortable with the additional paragraph. It was asked whether future funding from BU should be referenced, to which AJ mentioned that BU won't put anything in writing. He also added that if SUBU make too much surplus then BU funding will be reduced. LF noted she would be happy to include this. GB recognised that, as Trustees, it doesn't look good, but he is comfortable because it is ring-fenced.

All present approved the additional paragraph.

On behalf of the Committee, GB thanked LF and SUBU staff for the audit work.

6. OUTSTANDING ACTIONS FROM INTERNAL REVIEWS SPREADSHEET

SN clarified that the actions form part of a larger document. She went on to explain that the project regarding NUS card sales for the admin team (*item 2*) is still ongoing due to staff shortages, so the completion date has been extended to July 2017. AJ confirmed that was of no concern.

All present approved the date change.

GB queried why the ongoing issues don't have specific dates, to which SN confirmed that these are reviewed at regular intervals. With regards to the assets, it was suggested that the historical assets should be split into two to reflect heritage issues and dormant issues for the risk register. When SN is happy that the new process has been implemented and is satisfactory to the Committee then they can be taken off. When this is done, they will be put onto risk register as dormant. It was agreed to sign off the process going forward, but the heritage issue needs to be resolved and described more succinctly.

ACTION: sign off process going forward but heritage issue needs to be resolved and described more succinctly.

ACTION: review of process and for SN to reflect that into the document.

7. RISK REGISTER – ACTION PLAN

There was a discussion with AJ regarding Business Critical Risks and that the actions roll forward to next year. AJ explained that matter of ideas from Vision Days (at the bottom on page 1) has not commenced. He added that the other amber items have commenced. He went on to mention that SUBU have not been successful at securing any commercial opportunities within the two new BU buildings.

AJ explained that item 4 (the noise issue at TOFS) is being managed by the Commercial Manager on a weekly basis and is still a concern.

AJ explained that there is an ultimate risk that TOFS will lose their licence, which is why it appears on the Business Critical Risk Register. He went on to add that the surplus from TOFS isn't as critical as it used to be, but it would seriously affect the student experience.

8. VAT UPDATE

SN mentioned that there has been no further change, but the next tribunal has been hinted at happening between January and March next year but there has been no confirmation yet.

9. ANY OTHER BUSINESS

None.

APPROVED: _____

DATE: _____