



Date: Thursday 25 February 2021
 Time: 15:30-17:30
 Venue: On MS Teams

Finance Committee Minutes

Chair: Ilyas Benmouna, Activities Officer

Members:	P	AP	AB
Aining Liang, Student Trustee (AL)	✓		
Alisha Dhume, Appointed by Union Executive (AD)	✓		
Ansh Raj, Appointed by Union Executive (AR)	✓		
Ayman Benmati, Education Officer			✓
Carol Paige, Democracy, Operations and Community Officer	✓		
Eliza Lawless, Sustainability Officer	✓		
Ilyas Benmouna, Activities Officer, Chair	✓		
Ishar Kalsi, Appointed by Union Executive (IK)	✓		
Javier Bautista, Appointed by Union Executive (JB)	✓		
Shoora Shafeeq, Student Trustee (SS)	✓		
Yasmeen Daoud, Welfare and International Officer	✓		

In Attendance:
Catherine Barrow, Head of Finance
Deb Nichols, Head of Operations
John Dubber, Chief Executive
Rebecca McLoughlin, Minutes

1. Welcome and Introductions

The Chair opened the meeting and everyone introduced themselves.

NOTED

2. Minutes and Matters Arising from the meeting on 30 November 2020 (FC2001M)

The Committee approved the minutes of the meeting on 30 November 2020 as a true and accurate record.

APPROVED

3. Financial Statements & Post-Audit Management Report 2019/20

The Head of Finance gave an overview of the Financial Statements & Post-Audit Management Report for 2019/20. They confirmed that the financial year end was much better than was anticipated with the near final financial statements showing that Union making an accounting surplus of £59k. The operating loss for the year was £187k, which is a lower deficit than was predicted when the COVID restrictions were introduced in March and approximately half the level of operating deficit delivered in 2018/19. They also noted that there was a very slight increase in the Total Reserves at the end of 2019/20.

The Head of Finance explained that included in the 2019/20 accounts is a £100k provision for VAT that we estimate has been underpaid in 19/20 and previous periods. This estimate needs

to be confirmed by additional workings that are still on-going. Therefore, the final sign off of the accounts by the auditors will be prior to the Board Meeting in June. At this time there will be more clarity on the estimated liability and whether this makes a material difference to the accounts. If so, amendments to the accounts will be required before signing.

The Head of Finance stated that there were some issues identified in the audit of 2019/20 accounts and most of these had been recognised and were being addressed by the Finance team or corrective processes are already in place. Overall the audit report was good and much improved from last year.

The Head of Finance went through the Statutory Accounts summary and confirmed that the net result for the year after gains and losses on investments and pensions was a net surplus of £59k.

The Head of Finance went through the Statement of Financial Activities. They noted that the grants & donations figure includes the block grant from UCL and notional rent. The Head of Finance stated that the Union made less income on trading but added that we received over 400k in furlough payments. At the end of July 2020 the net value of the organisation was 6.6million. The Head of Finance explained that the balance sheets show how this value is made up through the Unions' assets and liabilities. They noted that the debtors figure is lower than last year as our trading activity is much lower due to the lockdown restrictions. The Head of Finance gave an overview of the restricted and unrestricted reserves on the balance sheet.

The Head of Finance confirmed that the audit report highlighted a few issues that need correcting. One such issue being the deferring of restricted income from UCL grants which did not meet the conditions of the Charity SORP as they were not explicitly time-bound. . This has been acknowledged and the accounts corrected. The Head of Finance went through the key observations around incorrect practices and highlighted the following:

- Credit Card Usage – a credit card was held in the name of a member of staff who had left. This is being changed but it has not been done as quickly as it should.
- Quorate Meetings – Not all Finance Committee meetings were quorate last year. This is being addressed.
- Completeness of Personal Records – This is being addressed by HR.
- Invoices not Raised – Some invoices had not been raised.
- General Ledger Mis-postings - some mis-postings between nominal ledger codes. There are better practice in place now and better communication.
- Payroll journal authorisation – This is now happening.
- Fixed Asset Additions – this is a very minor point.

The Head of Finance confirmed that most of the above has now been addressed. They summarised the progress against recommendations raised in the 2019 audit and noted that the Bank authorisation limits are now in place. A Financial Regulations and Procedures manual is being worked on for all staff in the organisation.

The Chief Executive commented that the results of the audit report are a big improvement and noted that the auditors were very complimentary regarding the work of the finance team this year.

The Chair asked for a clearer understanding of the grading system in the audit report. The Head of Finance replied that:

A – immediate action needed

B – needs to be looked at but not urgent

C – Not very serious but needs to be addressed

The Committee noted the Financial Statements and Audit Report that will now be considered for formal approval by the Board of Trustees.

RECEIVED

4. Management Accounts (Quarter 2)

The Head of Finance summarised the Management Accounts for quarter 2. They highlighted that there was an operating surplus of £163k at the end of quarter 2 due to a grant of £295k being received in January from UCL for supporting additional student initiatives and projects. Before the additional grant, the operating deficit is £132k compared to a forecasted deficit of £430k. The lower deficit was mostly due to ongoing tight control of expenditure in all areas, less expenditure in Sports and clubs/societies as well as delayed starts to some planned strategic projects.

The Head of Finance went through the January Management accounts in detail and noted that the increase in total income was due to the furlough income.

The Democracy, Operations & Community Officer asked why there was a negative income under trading & sales. The Head of Finance replied that this is due to correction to income recognised in a previous period, probably due to an estimated rebate value for wasted stock.

The Head of Finance highlighted under expenditure that we are making a loss under commercial due to still having some costs even through lockdown such as staff salaries. They noted that there has been a big saving under activities but we predict to have significant costs coming up once face to face activity resumes.

The Head of Finance went through the main variances versus forecast for January 2021. The Chief Executive commented that this was always going to be a difficult year due to the pandemic but we have done better than we expected. They noted that we received an extra 295k in grant funding from UCL in December and they thanked the Democracy, Operations & Community Officer for their work on taking this bid to UCL.

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5. Report on Financial Regulations & Procedures (including Delegation of Authority)

The Head of Finance confirmed that a Financial Regulations and Procedures manual is currently being up-dated. Purchasing procedures have been up-dated to adapt to remote working and there will be revised procedures with regard to VAT for income and expenditure

following the VAT review. They added that the most commonly applied financial procedures are those relating to purchasing and expenditure and they highlighted the key areas under purchasing, expenditure and expenses.

The Head of Finance stated that the guidelines will be followed by all staff in the organisation and highlighted the need to ensure that knowledge is not lost when staff leave. The manual will be completed before the next audit.

The Head of Finance gave a brief overview of the delegated authority grid and noted the need for this to be regularly reviewed. Therefore, it has been brought to the Finance Committee to consider.

The Democracy, Operations & Community Officer asked if there are any controls in place regarding how regular purchases are made by any one person. The Chief Executive responded that there are several checks in place when making a purchase. All purchases have to have dual authorisation and this is then sent to finance where it also checked. The Head of Finance added the management accounts are reviewed monthly and it would be noticed if purchases were being made that were not in the budget.

The Democracy, Operations & Community Officer asked where the Financial Regulations and Procedures manual would be kept and how would it be reviewed. The Head of Finance confirmed that it will be a live document on the shared drive and will be reviewed by finance.

The Chief Executive stated that the Financial Regulations and Procedures manual needs to reflect the new sabbatical officer structure. The Finance Committee agreed that the new sabbatical officer structure needs to be reflected in the Financial Regulations and Procedures manual and the authorisation levels for purchasing document. The Committee agree to amendments to the procedures to be made to change the Democracy Operations and Community Officer to the Union Affairs Officer, and the Activities Officer to be amended to be the Activities and Engagement Officer. This amendments will come into force on 16 July in line with the change in Sabbatical roles.

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6. Update on the development of the Union Commercial Strategy

The Head of Operations confirmed that the Commercial Strategy working group is meeting on a monthly basis and 3 sub-groups have been formed to work on brand, convenience and online shops and the Lewis project. The SU and UCL are working jointly on a commercial strategy. They noted that they are undertaking an analysis of campus and identifying commercial opportunities. Competitor analysis is also underway. The commercial marketing plan being refreshed with particular emphasis on 'not for profit' angle and a student survey for views on campus outlets was launched on 3rd February. The Head of Operations stated that a commercial framework will be taken to the next meeting of the Commercial Strategy Group.

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7. Banking Arrangements Report

The Head of Finance outlined the banking arrangements and confirmed that all mandates are up to date.

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8. Treasury Report (Quarter 2)

The Head of Finance summarised the Treasury Report for quarter 2 and noted that the Students' Union UCL treasury deposits at 31st January were £2,965k, £641k lower than the same point the previous year. They explained that the reduction in cash is due to the loss of commercial income due to COVID closures and the resultant operating deficit. The reduction in cash at the bank is offset by an increased balance on the intercompany (debtor) account with UCL which has improved due to furlough payments and lower staff costs this year.

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9. Debtors Report (Quarter 2)

The Head of Finance gave a brief overview of the Debtors Report for quarter 2. They highlighted that with Covid-19 reducing activity in the Student Union, the overall debtor balance remains flat with Q1, though the aged profile has improved with a reduction of over £4k in balances greater than 2 months. On-going work to clear old balances in Clubs and Societies continues to see benefits, with the profile of debtor balances improving. Balances greater than 2 months have reduced by £16k since Q1.

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10. Any Other Business

There was none.

Minutes approved as a true and accurate record	
Chair:	Ilyas Benmouna
Signature:	
Date:	23/04/2021

Action List

Actions	
Financial Regulations to be updated to reflect the new Sabbatical Officer Structure, with the Democracy Operations and Community Officer to be amended to Union Affairs Officer, and the Activities Officer to be amended to be Activities and Engagement Officer – change to come into effect from 16 July 2021.	Head of Finance