STUDENTS' UNION UCL

Risk & Audit Committee Minutes

Date: Tuesday 2 February 2020
Time: 17:00
Venue: Online

Chair: Deepan Banati, External Trustee (UCL Staff)

Members:	P	AP	AB
Aarushi Menon, Women's Officer	✓		
Ayman Benmati, Education Officer	✓		
Deepan Banati, External Trustee (UCL Staff), Chair	✓		
Hanna Al-Khawaled, Student Member (HA)	✓		
Ilyas Benmoura, Activities Officer	✓		
Shail Bhatt, Student Trustee (SB)		✓	
Valentyna Sydorenko, Student Member (VS)	✓		

In Attendance:
Catherine Barrow, Head of Finance
Rebecca McLoughlin, Minutes
Shachi Blakemore, External Auditor, Buzzacott LLP (up to item 6)
Simon To – Leadership Development & Change Manager

1. Welcome and Introductions

The Chair opened the meeting and everyone introduced themselves. The Chair noted apologies from the Student Trustee (SB).

NOTED

2. Terms of Reference & Membership

The Chair noted that the terms of reference is presented to the Risk & Audit Committee as this was their first meeting for this academic year. The Risk & Audit Committee terms of reference were received by the Committee.

RECEIVED

3. Minutes and Matters Arising from the meeting on 8 June 2021

The Chair asked if there were any comments on the previous minutes. There were none and the Committee approved the minutes from the meeting on 8 June 2021.

APPROVED

4. Review of the 2019/20 Statutory Accounts

The Head of Finance gave an overview of the statutory accounts 2019/20. They noted that the Union made an accounting surplus of £59k in 2019/20. The operating loss for the year was £187k, which is a lower deficit than was predicted when the COVID restrictions were introduced in March. Total reserves at the end of 2019/20 were £6.6m, a slight increase on the 2018/19 reserves of £6.54m. Although there was a reduction of £168k in free reserves, driven by the operating

deficit, there was as a release of £482k against the pension fund liability which favourably impacted reserves.

The Head of Finance also noted that there needs to be a review of our VAT practices as we have not updated these for several years and some underpayment has been identified and there is potentially more if historic VAT returns need to be reworked. . The liability provision included in the 2019/20 accounts has been estimated at £100k but work to more accurately quantify this is still on-going. The auditors are proposing to sign off the statutory accounts once work on the estimate is complete. At this point they can assess if the estimate is materially different from the provision included in the accounts and if so, amend the accounts accordingly. It is therefore proposed that the sign off of the accounts will be taken at the June meeting of the Board of Trustees.

The Chair asked the Head of Finance if they could go through the £187K deficit in more detail. The Head of Finance gave an overview of the £187K deficit and highlighted the following:

- Major drop was in the trading income as we had to close all our commercial outlets in March 2020.
- The Union took advantage of the furlough scheme but this did not cover all staff wages so the staffing costs ended up being a little bit over budget.
- There was also an increase in VAT as the issues with underpayment were discovered.
- The fixed asset register was not fully represented in last year's accounts.

Overall the Head of Finance noted that the main cause of the deficit was caused by the closure commercial outlets with the lockdown. However, we did a lot better from our investments than expected and we also benefited from the release of bad debt provisions. The Union cut costs dramatically including not giving as many grants to clubs and societies and holding back some of our strategic spend. The Activities Officer asked why we received a better return on our investments than expected. The Head of Finance responded that our investments are part of the UCL Investment Portfolio and due to the current economic environment it was forecast that there would be a loss but they gained in value this year by £120K.

The Chair congratulated the Head of Finance on all their work on the Statutory Accounts 2019/20. They asked if the Union had received any other financial support from UCL in addition to the block grant. The Head of Finance confirmed that the Union did not. However, throughout the year UCL did provide the Union with additional grants for specific projects.

The Chair asked the Head of Finance how they accounted for the furlough payments. The Head of Finance replied that they will be moving the furlough payments into the income stream as opposed to having it as a rebate of salary costs. They noted that it should officially come under the income stream and they will be reflecting this in the Statutory and Management Accounts. The Head of Finance added that this will increase the current staff costs figure.

The Chair asked the Committee if they endorsed the proposal of postponing the signing off of the Statutory Accounts 2019/20 to April 2021 once the VAT amount is confirmed. If the calculated VAT liability is significantly different from the £100k currently included then the accounts will

need to be amended and the Statutory Accounts 2019/20 will come back to the Committee. The Committee agreed with the proposal to postpone the signing off of the Statutory Accounts 2019/20 to April 2021.

RESOLVED

5. Audit Findings Report for Financial Year 2019-20 and Management Response

The Head of Finance introduced the External Auditor, Shachi Blakemore from Buzzacott LLP. The External Auditor confirmed that the audit went very well especially as it had to be completed remotely. They noted that there were a number of recommendations last year regarding controls and they were happy with the progress on these. They noted that there had only been one audit adjustment this year compared to a much longer list last year. They confirmed that subject to the VAT liability, they are hoping to sign off on a clear audit.

The Chair asked about the items marked in red in appendix 3. The External Auditor noted that these issues were being worked on but had not been completely finalised. The Head of Finance added that the bank authorisation issue has been very slow but they are very close to getting it finalised.

The Chair thanked the External Auditor and the Head of Finance for all their work on the audit.

RECEIVED

The External Auditor left the meeting.

6. Compliance Register Annual Update

The Leadership Development & Change Manager gave a brief overview of the Compliance Register and noted that it is the responsibility of the Board of Trustees to ensure compliance with all legal and regulatory obligations. The Compliance Register outlines all areas of compliance and where responsibility lies if delegated by the Board of Trustees. The register was last reviewed in December 2019 by the Committee. The Leadership Development & Change Manager noted that all areas on the Compliance Register were green, confirming that all areas of compliance are currently being met.

The Chair asked if there had been any change in the landscape since the last review. The Leadership Development & Change Manager confirmed that there had not been any compliances changes since the last review of the register.

The Chair asked about the pandemic and how this has affected compliance. The Leadership Development & Change Manager replied that this is picked up in our Health & Safety guidelines which are the responsibility of the Head of Operations. They also noted that the Union has a Health & Safety Committee that meets regularly. The Leadership Development & Change Manager commented that this is picked up in the Risk Register and confirmed that they would check with the Head of Operations.

ACTION: The Leadership Development & Change Manager will check with the Head of Operations regarding compliance and the pandemic in our Health & Safety guidelines and Risk Register.

The Chair asked if there was any way to assist the Finance Team regarding banking documents to ensure that they do not have to travel into the office to retrieve documents. The Head of Finance responded that they have changed the address on some things and have also been using DocuSign. They added that the Finance team needs to be more proactive in asking for documentation to be emailed as opposed to mailed.

APPROVED

7. Any Other Business

There was none.

Minutes approved as a true and accurate record	
Chair:	Deepan Banati, External Trustee (UCL Staff)
Signature:	Deepan Banati
Date:	19/05/21

Action List

Actions	
The Leadership Development & Change Manager will check with the Head of Operations regarding compliance and the pandemic in our Health & Safety guidelines and Risk Register.	LDC Manager