



Resources Sub-Committee – Minutes of the meeting held on 24 <sup>th</sup> September 2018					
Full Name	Position		Present	Apologie	Absent
Dan Bocharnikov	Sabbatical Officer Trustee (Chair)	DB	*		
Molly Houghton	Sabbatical Officer Trustee	MH	*		
Joe Bradford	Sabbatical Officer Trustee	JB	*		
Colin Dyas	Independent Trustee	CD	*		
Sarah Ellis	Independent Trustee	SE	*		
Dawn Chadwick	Student Trustee	DC		*	
Craig Meichan	Student Trustee	CM	*		
<b>In Attendance (Non-Voting)</b>					
Paul Malone	Chief Executive	PM	*		
Karen Shatwell	Finance Manager	KS	*		
Michael Jayson	Crowe (External Auditors)	MJ	*		

### 1. Apologies for Absence

Dawn Chadwick.

### 2. Declarations of Conflicts of Interest

There were no declarations of interest.

### 3. Matters Arising from Minutes of Previous Meeting

As this was the first meeting, there were no matters arising from the minutes.

### 4. Minutes of Previous Meeting

As this was the first meeting, there were no minutes of a previous meeting.

### 5. Y/E 31<sup>st</sup> July Audit Findings Report

MJ presented Crowe's report to the Committee covering the audit overview, significant matters from the audit, other matters from the audit, fraud and error, and the new Charity Governance Code. His report also included sections on systems and control issues, an update from last year, reporting audit adjustments, and any external developments.

In relation to the audit overview, MJ said Crowe were happy to give an unmodified audit opinion on the truth and fairness of the financial statements.

In relation to significant matters from the audit, MJ explained the auditors did not encounter any issues with completeness of income in relation to both our block grant or commercial income. In addition, the auditors confirmed that our accounting policy for the useful life of fixed assets is still appropriate, that there was neither identification of any instances of management override of controls from sample testing of EHSU journals, nor any transactions undertaken by management outside of the normal course of the Charity's business.

In relation to other matters from the audit, the auditors did point out that we still hold a restricted fund (RFU grant funding) of £1,922, which should now either be transferred to the University or returned to the RFU. It was agreed that KS would make contact with the RFU.

**Action: KS**

In relation to audit findings and recommendations, the auditors made reference to cash collections and the failure by G4S to make collections on two occasions resulting in safe insurance limits being broken. KS explained that we have already given G4S notice and that we will be moving to a new supplier in November. The auditors also made reference to the fact that the risk register had not been updated since 2016 but acknowledge that it was an item to be discussed and actioned later on in the agenda.

In terms of an update from last year's audit, the auditors confirmed that segregation of duties had now been put in place due to an increase in the finance team, and that in relation to cash discrepancies, from a sample of 45 days takings, there were no instances where cash was over the £10 investigation limit.

## **6. 2017/2018 Audited Financial Statements**

The Chief Executive introduced the statements highlighting a deficit for the year of £114,539. EHSU's gross income from all sources for the year was £1,864,054 with total expenditure being £1,979,029. The impact of the deficit meant a reduction in reserves from £459,160 to £344,155. It was noted that income generated had surpassed the previous year's figure (£1,864,054 vs £1,391,005) due to positive performance of certain commercial departments. However, expenditure had also risen to a level which meant any benefit had been lost through other underperforming commercial areas.

The Chief Executive also explained that the imbalance in staff costs in our membership services area was now having a detrimental effect on the SU as a whole, hence the action taken over the summer period to initiate a compulsory redundancy programme at senior management level. He also explained where each aspect of our commercial area had fallen down such as dealing with wastage, controlling labour costs in addition to some basic operational issues.

The Chief Executive explained that the action plan moving forward was two-fold; to align as far as possible the cost of membership-based services expenditure with the block grant as these are all core purpose services and all non-income generating; and to address all non performing aspects of our commercial activity.

**Concluding discussion, the 2017/2018 Financial Statements were recommended to the Board for approval.**

**Action: Chair of Resources/Chief Executive**

## **7. Y/E 31<sup>st</sup> July Letter of Representation**

MJ presented the Letter of Representation which was signed off by the President as Chair of our Board of Trustees.

## **8. Reserves**

PM and KS explained that our Reserves Policy was up for review and suggested to the Committee that we may now want to look at setting up some designated reserves rather than just having year-end unrestricted reserves. MJ also suggested that organisations are now using more of a risk-based approach towards setting reserves rather than arbitrary formulas. The Committee agreed that PM and KS should prepare a recommendation for the next Board meeting.

**Action: PM & KS**

## **9. Financial Procedures**

KS explained that our current set of financial procedures, in place since 2014, required wholesale changes due to the nature of our organisation changing significantly, particularly on the commercial side. That being the case, KS presented a revised set of financial procedures. The Committee passed the document commenting positively on its thoroughness.

## **10. Risk Register Template**

PM presented a new template that had been devised by the NCVO and suggested that from this point we use it. PM went on to recommend that the risk register should become a standing item at all future Board meetings. PM stated that he would work with all direct reports to complete the register in the first instance.

**Action: PM and managers to complete.**

## **11. Date and time of next meeting**

Thursday 9<sup>th</sup> May 2019 at 1pm