



Resources Sub-Committee – Minutes of the meeting held on 23 rd September 2019					
Full Name	Position		Present	Apologies	Absent
Bea Beaton	Sabbatical Officer Trustee (Chair)	DB	*		
Molly Houghton	Sabbatical Officer Trustee	MH	*		
Kate Vickers	Sabbatical Officer Trustee	JB	*		
Molly Smallwood	Sabbatical Officer Trustee	CD	*		
Sarah Ellis	Independent Trustee	SE	*		
Paul Malone	Chief Executive	PM	*		
In Attendance (Non-Voting)					
Karen Shatwell	Finance Manager	KS	*		
Michael Jayson	Crowe	MJ	*		

1. Apologies for Absence

Colin Dyas

2. Declarations of Conflicts of Interest

There were no declarations of interest.

3. Matters Arising from Minutes of Previous Meeting

KS confirmed that the £1,922 RFU grant had now been transferred in full to the University on 24th May 2019.

4. Minutes of Previous Meeting

The minutes of the previous meeting were accepted as a true and accurate record.

5. Y/E 31st July 2019 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 and that the audit was considered to be 'a very clean audit'.

In relation to significant matters from the audit, MJ explained the auditors did not encounter any issues with completeness of income in relation to commercial income. They did note however that the element of Block Grant relating to Sport had been recognised as income and expenditure in the year, however as the University has taken back Sport the Union does not have entitlement to this income. The initial overstatement of income and expenditure of £49,314 was therefore reversed. This had no effect on the net result for the year. 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 audit findings and recommendations, the auditors made reference to a suspected cash shortage of £850 in the Bar. This had been brought to the attention of the auditors at the pre-audit meeting by PM and KS. A full investigation had already been carried out by KS who identified a number of financial procedures were not being followed by Bar Staff, which had led to change order notes being processed and banked as admissions cash takings in error. A list of actions were required from the Bar team in terms of cash handling and recording of income, and moving forward, failure to adhere to financial procedures will result in disciplinary action.

6. 2018/19 Audited Financial Statements

MJ introduced the statements highlighting a surplus for the year of £64,275. EHSU's gross income from all sources for the year was £1,754,821 with total expenditure being £1,690,546. The impact of the surplus means an increase in reserves from £344,155 to £408,430.

The Chief Executive explained that the action plan commented on last year, 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, had clearly worked and was down to the hard work and effort of all staff.

Concluding discussion, the 2018/19 Financial Statements were approved.

7. Y/E 31st July 2019 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 Review

KS presented the quarterly Reserves Review paper. KS reviewed the four main risks presented in the 9th May report. There was no change to level of risk but there was a reduction recommended in the risk value of salaries, reducing from £120k to £96k. KS then reviewed emerging risks which were identified as Breach of PCI DSS and HMRC Retraction of Catering VAT Exemption on Bar Food. Breach of PCI DSS was considered medium/high risk with reserves level of £100k required. HMRC Retraction of Catering VAT Exemption was also considered medium/high risk with reserves level of £60k required. KS recommendation was to reduce reserves level from £120k to £100k with the main risk at present being Breach of PCI DSS.

The recommendation in the reduction to the reserves level, alongside improved year end results has produced an increase in our free cash position from £63.1k to £132.9k.

Concluding discussion, the Reserves recommendation was approved.

9. Risk Register Review

KS presented the Risk Register Review paper stating that all risks had now been given an initial and desired score and work was ongoing on each risk to ascertain current controls already in place, current scores, future controls required, owner of each risk and risk review time/process. The financial risks had been completed in full. KS mentioned that although the risk register works well in terms of breaking down each risk, it is quite difficult to work with so KS will see if some tweaks can be made to improve this.

10. Financial Procedures Review

KS presented the annual review of the Financial Procedures. Amendments had been made in line with organisational changes and audit recommendations. The main changes were improvements to cash control, transparency and accountability, uplifts to levels of subsistence for staff travel, amendment to signatories on the Society bank account and increase to security of assets in relation to PCI compliance. Other small amendments took place with regards to staff titles / change of roles. KS to circulate amongst staff once approved.

Concluding discussion, the updated Financial Procedures were approved.

11. Any Other Business

There was no other business.

12. Date and time of next meeting

Thursday 7th May 2020 at 12.30pm