

FINANCE & AUDIT COMMITTEE REPORTS						
From	Period start date			To	Period end date	
	16	03	2020		21	05
<b>Overview of Charity's key details</b>						
<b>Charity name:</b>	The University of Bath Students' Union					
<b>Other names:</b>	The SU					
<b>Charity number:</b>	1143154					
<b>Charity address:</b>	The SU Bath, University of Bath, Claverton Down, Bath, BA2 7AY					
<b>Governing document:</b>	Articles of Association					
<b>Constitution:</b>	Unincorporated association					
<b>Details of Charity's professional services</b>						
<b>Bank name:</b>	National Westminster Bank Plc					
<b>Bank address:</b>	39 Milsom Street, Bath, BA1 1DS					
<b>Auditor name:</b>	RSM UK Audit LLP					
<b>Auditor address:</b>	Hartwell House, 55 – 61 Victoria Street, Bristol, BS1 6AD					
<b>Committee Membership</b>						
<b>Trustee name</b>	<b>Office</b>	<b>Start date</b>	<b>End date</b>	<b>Appointment</b>		
Jiani Zhou	Postgraduate Officer	02/07/2018	02/07/2020	Elected by Members		
Tom Sawko	Sport Officer	02/07/2019	02/07/2020	Elected by Members		
Ruqia Osman	Education Officer	02/07/2019	02/07/2020	Elected by Members		
Rob Clay	Independent Trustee	12/10/2015	12/10/2021	Appointed by the Board		
Vacancy	Independent Trustee	-	-	Appointed by the Board		

Content	Report Number
<a href="#">Report on minutes of previous meeting and actions arising</a>	R1
<a href="#">Report on SU Management Accounts and Reserves</a>	R2
<a href="#">Report on progress made to implement audit recommendations</a>	R3
<a href="#">Report on Business Continuity Policy</a>	R4

**FINANCE & AUDIT COMMITTEE – THURSDAY 21 MAY 2020****REPORT ON MINUTES OF THE PREVIOUS MEETING AND ACTIONS ARISING****PURPOSE**

To:

- approve the minutes of the previous meeting;
- inform the committee of the outcome of actions arising from that meeting;
- note any decision that have been made by the committee since without a meeting.

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Page 2-4 Committee Minutes 16/03/2020

**REPORT****1. MINUTES OF THE PREVIOUS MEETING**

- 1.1. The minutes of the previous meeting are attached as appendix 1 and require the committee's approval before being signed by the Chair.
- 1.2. If any Trustees have any amendments can they please email these to the secretary before the meeting. Any amendments made will be noted to the committee at the meeting.

**2. OUTCOME OF ACTIONS ARISING FROM THE PREVIOUS MEETING**

- 2.1. There were no actions arising from the previous meeting.

**3. DECISIONS MADE BY THE COMMITTEE WITHOUT A MEETING**

- 3.1. There have been no decisions made by the committee without a meeting since they last met.

**ACTIONS FOR THE COMMITTEE**

4. The Finance & Audit committee is asked to note the report.

<b>CONTACT:</b>	Gregory Noakes (Governance & Executive Support Manager)	Telephone: 01225 386362 E-Mail: g.d.noakes@bath.ac.uk
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<b>Appendix 1: Finance &amp; Audit Committee minutes</b>			
Meeting:	<b>Finance &amp; Audit Committee</b>		
Location:	<b>1 East 3.10 meeting room</b>		
Date & Time:	<b>Monday 16<sup>th</sup> March 2020 at 9.00am (Started at 10pm)</b>		
<b>Present:</b>			
Tom Sawko	Sport Officer (Chair)		
Rugia Osman	Education Officer		
Rob Clay	Independent Trustee		
<b>In attendance:</b>			
Gregory Noakes	Governance & Executive Support Manager ( <i>Secretary</i> )		
Helen McHenry	Head of Finance		
Andrew McLaughlin	Chief Executive ( <i>Joined the meeting under item 4</i> )		
Alexander Robinson	Independent Trustee		
Item			
1.	<b>Apologies for absence</b>		
	<b>Name</b>	<b>Reason</b>	<b>Accepted</b>
	Jiani Zhou	Illness	Yes
	Apologies for lateness were received from Rob Clay and the meeting was postponed until they joined the meeting.		
2.	<b>Notice of any other business</b>		
	No items were identified for discussion under any other business.		
3.	<b>Minutes of the previous meeting</b>		
	The minutes of the previous meeting were approved by the committee and signed by the Chair ( <i>See R1 of the Committee reports</i> ).		
3.1.	<b>Matters arising from the previous minutes</b>		
	The Committee received a report on matters arising from the previous meeting ( <i>see R2 of the Board reports</i> ).		
	The Head of Finance reported plans for the retendering of the charity's auditors which was due. They also explained the changes that had been made to the cycle of approving the Trustees Annual Report and Audited Accounts. These would now be presented to this committee in October before being approved by the Board of Trustees in December.		
4.	<b>Management Accounts</b>		
	The Committee received a report on the Student Union (SU) management accounts and reserves ( <i>see R3 of the Committee reports</i> ).		
	The Head of Finance reported that there had been a drop in commercial income at the end of semester one but that this was up again in January. It was noted that the current pandemic was likely to have an impact on commercial income which The SU was reliant on to support staffing costs.		
	<b>(The Chief Executive joined the meeting at this point)</b>		
5.	<b>Reserves statements</b>		

	<p>The committee received a report on reserves statements (<i>see R3 of the Committee reports</i>).</p> <p>The committee discussed the reserves noting that due to the current pandemic it was likely that The SU would need to draw on these to support the operational costs while commercial income was down.</p> <p>The committee agreed that all actions that can be taken to reduce the potential hit on the reserves by freezing all non-essential expenditure immediately. The Head of Finance noted that advice had already been issued to staff to this affect.</p> <p>The committee discussed upcoming events such as the summer ball and actions being considered to save money. It was noted that currently £35,000 had already been committed in expenditure which was not recoverable. This would increase to £50,000 by the end of the week if action was not taken. The committee agreed that decisions should be made on the assumption that this event would likely be cancelled.</p> <p><b>QUESTION:</b> A Trustee asked if there was any danger of The SU going bankrupt.  <b>ANSWER:</b> The Head of Finance explained that this was not likely as The SU had large reserves but that it would take considerable time to restore these once depleted.</p>
6.	<p><b>SU Budget 2020/21</b></p> <p>The Head of Finance reported that they don't have a draft budget to present to the committee at this time but this will be ready for the Board meeting. They noted that the University have not made any changes to the budget submission deadline.</p> <p>The Chief Executive reported that the University have concerns about future student numbers due to Brexit and the pandemic which are likely to impact on their budget going forward.</p> <p>The Head of Finance reported that the University had requested that The SU present several budget forecasts based on different scenarios. They explained they were getting support from an external consultant to help with this.</p> <p>The Head of Finance reported that due to the high cost of the transport fleet The SU were now looking at the cost for early exit from the current lease. They noted that lease had been reviewed and agreed last year.</p> <p>The Head of Finance reported on two requests proposed to the University for new staff posts which were currently in the process of being considered.</p> <p>The committee discussed and agreed that The SU should aim for a break even for this financial year.</p>
7.	<p><b>Audit recommendations</b></p> <p>The Committee received a report on the current management accounts and reserves (<i>see R4 of the Committee reports</i>)</p> <p>The committee noted the current pressures within the Finance team resulting from staff absence which was making it impossible to address the auditor's recommendation regarding segregation of duties. They agreed that they wanted their concern regarding this to be formally noted.</p>
8.	<p><b>Business Continuity Plan</b></p> <p>The committee noted the Business Continuity Plan.</p>

9.	<b>Risk Register</b> The committee noted the Risk Register.
10.	<b>Any other business</b> No items had been previously identified for discussion under any other business.
11.	<b>To set the date and time of future meetings</b> The committee noted and confirmed the following meeting dates: Thursday 21st May 2020 at 9am
<b>The meeting ended at 11.12 am.</b>	
<b>Item number</b>	<b>Action</b>

**FINANCE & AUDIT COMMITTEE – THURSDAY 21 MAY 2020****REPORT ON THE SU MANAGEMENT ACCOUNTS AND RESERVES.****PURPOSE**

To provide the Finance & Audit committee with an update on the financial position of The SU.

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**REPORT****1. Management Accounts**

- 1.1. Appendix 1 shows the management accounts for period ending 30 April 2020. They show a deficit against year to date budget of £102k which reflects the loss of commercial income since bars closed on 17<sup>th</sup> March.
- 1.2. Casual staff costs were high while students submitted their final time sheets.
- 1.3. Advertising and sponsorship were reviewing outstanding payments to see what provision should be made for bad debts.
- 1.4. Non-commercial areas show no significant movement yet.
- 1.5. Student groups were processing high volumes of refunds for cancelled events, trips and merchandise orders.
- 1.6. Work will be done on phasing for next months accounts to eliminate all known timing differences.

**2. Reserves**

- 2.1. Appendix 2 shows the reserves balance as at 14 May 2020. Current expenditure is in line with expectation with a free reserve balance of £159k. This has not been adjusted for any forecast loss figure.

**ACTIONS FOR THE COMMITTEE**

3. The Finance & Audit committee is asked to note the report.

<b>CONTACT:</b>	Helen McHenry (SU Head of Finance)	Telephone: 01225 38 6903 E-Mail: <a href="mailto:h.m.mchenry@bath.ac.uk">h.m.mchenry@bath.ac.uk</a>
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## APPENDIX 2: Reserves

		Forecast 2019/20	Actual YTD 2019/20	Notes
Opening Balance at 1 Aug 19		434,487	434,487	
Permanent Reserves Held	10% Full Annual Cost	186,751	186,751	
	25% Trading Margin	37,279	37,279	
		224,030	224,030	
<b>Reserves available for Investment</b>		<b>210,457</b>	<b>210,457</b>	
<b>Forecast Operating Surplus/(Deficit)</b>		<b>(15,043)</b>	<b>0</b>	
<b>Committed Reserves projects spend</b>				
2. Strategic plan		(9,867)	(13,199)	Complete
4. Business process improvements		(3,232)	(3,161)	Complete
9. CDO role		(38,625)	(26,744)	Ongoing
	Total	(51,724)	(43,104)	
<b>Outline projects spend</b>				
5. Rowing club investment		13,859		
10. Meeting room improvements		(10,000)		
11. Staff development fund		(20,000)	(7,996)	
	Total	(16,141)	(7,996)	
<b>Forecast Reserves available for Investment at FYE19/20</b>		<b>127,549</b>	<b>159,357</b>	



**FINANCE & AUDIT COMMITTEE – THURSDAY 21 MAY 2020****REPORT ON PROGRESS MADE TO IMPLEMENT AUDIT RECOMMENDATIONS.****PURPOSE**

To provide the committee with an update on progress made to implement audit recommendations.

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Page 1: Actions for the Committee

**REPORT****1. Audit Findings Report – update on outstanding items****i. Segregation of Duties**

Work on creation of procedures manual and replacement of existing Bye Laws and regulations pushed back to the Summer.

The team has been affected by the absence of a key staff member, meaning some tasks not fully segregated as Head of Finance has to cover some of their tasks. This situation is still ongoing. Two staff on furlough.

Focus has been directed at ensuring all financial procedures and processes maintained in transfer to remote working.

**ii. Cash Controls**

No action until University finds an alternative location for its cash deposits and security collections, and AHS to use own facilities for providing change for its outlets.

**ACTIONS FOR THE COMMITTEE**

2. The Finance and Audit Committee is asked to note the report.

<b>CONTACT:</b>	Helen McHenry (SU Head of Finance)	Telephone: 01225 38 6903 E-Mail: <a href="mailto:h.m.mchenry@bath.ac.uk">h.m.mchenry@bath.ac.uk</a>
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**FINANCE & AUDIT COMMITTEE – THURSDAY 21 MAY 2020****REPORT ON BUSINESS CONTINUITY AND RECOVERY POLICY.****PURPOSE**

To propose a Business Continuity and Recovery Policy to the committee for approval before being recommended to the Board for adoption.

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**REPORT****1. SUMMARY**

- 1.1. The Business Continuity and Recovery policy exists to set out a process of good practice to be followed in the event of disruption to normal SU business.
- 1.2. Appendix 1 contains a draft that currently reflects at its core the approach that The SU has taken in response to the current pandemic.
- 1.3. It builds on this by considering other possible eventualities and decisions that may have had to be taken which have not, so far, needed to be made in response to the current pandemic. These include covering such possibilities as both the Chief Executive and Deputy Chief Executive being absent or unreachable in the event of a business disruption.
- 1.4. It also sets out in writing the relationship and role that the Board should play within this process and looks to the future by considering the good practice that should be followed when The SU exits this business disruption.

**ACTIONS FOR THE COMMITTEE**

2. The Finance and Audit Committee is asked to agree whether the proposed policy should be recommended to the Board subject to any amendments they may decide.

<b>CONTACT:</b>	Gregory Noakes (Governance & Executive Support Manager)	Telephone: E-Mail: <a href="mailto:gdn26@bath.ac.uk">gdn26@bath.ac.uk</a>
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**APPENDIX 1: Business Continuity and Recovery Policy**

**THE STUDENTS' UNION (THE SU) BUSINESS CONTINUITY AND RECOVERY POLICY**

**Vision:** Supporting Student Members to be at the heart of all decisions made about business continuity and recovery of The SU.

**Rationale:** To ensure that The SU is prepared and able to respond effectively in the event of disruption to normal services and activities.

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**Definition of business disruption**

The SU defines business disruption as a national or local event which has the potential to disrupt its ability to continue its conventional day to day activities for a period of more than seven days.

Some examples of business disruption include:

- A fire, chemical leak or severe storm that has made part or all of campus inaccessible;
- A sudden or unexpected loss of staffing;
- A political event causing wide-scale national unrest;
- The outbreak of a disease that results in social isolation or quarantine.

**Preparing for business disruption**

To ensure that The SU is prepared to respond in the event of business disruption it keeps a business continuity plan.

The business continuity plan focuses only on the essential activities and records for each;

- the impact that its loss or disruption would have on The SU;
- the maximum amount of time that a loss or disruption could be tolerated;
- the target time for recovery;
- the actions that can be taken to reduce the impact of disruption and/or ensure continuity;
- the staff responsible for oversight of the activity.

An essential activity is defined as one which must be considered or continued in the event of disruption due to:

- it being vital for ensuring that Student Members can be advised, supported and represented;
- the severe financial impact that it could have on the long term future of The SU;
- the impact that it could have on the health & safety of staff and Student Members;
- it being a legal requirement.

The Board of Trustees and senior management are responsible for annually reviewing the business continuity plan to ensure that it is kept up to date.

**Responding to business disruption**

When the threat of a potential business disruption to The SU is identified the business continuity group (*Officers and senior management*) will hold regular meetings until the disruption has been resolved.

To limit the risk associated with the group being assembled in a single place meetings will be held virtually.

This group will normally be led by the Chief Executive but, if absent, by the following staff in descending order:

- Deputy Chief Executive;
- Head of Student Voice & Engagement;
- Another Head of Department as determined most appropriate by the group.

Where a staff member acts up in the place of the Chief Executive or Deputy Chief Executive they may be eligible for acting up allowance in accordance with University policy.

The group lead will be responsible for:

- deciding the frequency and length of meetings, and who else should be invited to attend;
- making decisions regarding essential activities included on the business continuity plan;
- determining what other (*if any*) non-essential activities should be prioritised;
- monitoring the impact the disruption is having on the budget and making decisions to help reduce this;
- resolving further issues that might arise as a result of the disruption;
- communicating the impact of the disruption to Student Members, staff, Trustees and the University;
- planning how The SU will recover in the long term from the disruption.

The Board should be informed when a business disruption is occurring and consulted where;

- it needs to be reported to the Charity Commission as a serious incident;
- decisions need to be made which will permanently affect staffing;
- decisions need to be made which will significantly impact on the planned budget for the year;
- money needs to be authorised from the reserves to support The SU operating costs.

### **Reviewing a business disruption**

Following an end to business disruption the business continuity group should review their response to identify:

- any long term implications of the disruption to The SU;
- possible opportunities missed to avoid or reduce the impact of the disruption;
- any amendments that need to be made to the business continuity plan;
- any new practices adopted temporarily during the disruption that should be kept going forward;

This should be written up as a report and submitted for review and consideration at the next meeting of the:

- Finance & Audit committee;
- Board of Trustees.

### **Testing preparations for business disruption**

As it is unlikely that a business disruption will occur often The SU should test annually its ability to respond.

This should be done by having the business continuity group respond to a hypothetical business disruption.

The purpose of this should be to:

- test and familiarise senior management with the procedures within this policy;
- test the effectiveness of the current business continuity plan and identify any improvements needed;
- prepare senior management by getting them to think about how The SU can continue to function under potentially different and more challenging circumstances.

The test should also ensure that a review of the hypothetical business disruption is carried out exactly in accordance with the procedures above for reviewing a business disruption.