

Minutes of the Imperial College Union  
Finance & Risk Committee  
26 February 2013  
Room 6, 630pm

**PRESENT:**

Lay Trustee	Janet Rogan – Chair (JR)
Council Chair	Michael Foster (MF)
Student Trustee	Nathaniel Bottrell (NB)
Student Trustee	Lejon Chua (LC)
<u>Permanent Observers</u>	
President	Paul Beaumont (PB)
Deputy President (Finance & Services)	Stefan Nubert (SN)
Managing Director	Joseph Cooper (JC)
Head of Finance	Malcolm Martin (MM)
Governance & Administration Manager – Clerk	Rebecca Coxhead (RC)

Apologies: Honorary Senior Treasurer Colin Kerr (CK), Court Chair Stephen Brown (SB)

**1. CHAIRS BUSINESS – none**

**2. MINUTE OF LAST MEETING – 13 December 2012**

**NOTED:**

- a) The committee agreed to pass the presented minutes as an accurate reflection of the last meeting.

**RESOLVED:**

- 1) To pass the minutes of the last meeting.**

**3. MATTERS ARISING**

- a) In regards to action point 8.1.1, JC to bring a draft Risk Register to this meeting, it was stated that this would be better placed as part of the Away Day Agenda.
  - i. JC stated that he has a draft Risk Policy that he will circulate to the Finance and Risk Committee.
  - ii. It was suggested that top level risks need to be identified and how these impact on the day to day operation and Trustee Board supervision.
- b) In regards to action point 6.1, MM to update the Committee of the use of Purchase Orders (PO) in commercial areas, Catering have a manual system in place where order numbers are being recorded and crossed referenced with invoices. This system is partly being implemented in the SK bar.
  - i. Ultimately electronic PO will be used but it is unsure when this system will be in place
- c) In regards to the Transition to SORP Accounting, it was stated by MM that the 2011/12 accounts will be presented the April meeting of FRC having been transposed in to SORP reporting format.
  - i. The Board needs to have a good grasp of the change to the reporting.
  - ii. There will be no effect on CSP's as it the way that figures are reported rather than processed by club officers.

- iii. CSP's need to demonstrate how the use of funds held by them benefits their members – transparency for allocation of funds is the key.

#### **4. DECLARATION OF INTEREST**

NOTED:

- a) NB declare that he was a member of the Executive Committee that passed the 2011 Summer Ball budget.

#### **5. MANAGEMENT ACCOUNTS – JANUARY 2013**

RECEIVED: The accounts were presented by MM

NOTED:

- a) The accounts reflect 6 months trading which is down on budget, but up compared to prior year.
- b) A 'January Sales' promotion across across commercial outlets has invigorated sales.
- c) Delays in recruitment have shown led to savings in the accounts but now all planned recruitment processes have been completed
- d) The recovery of debtors has been an outstanding success.
  - i. The 121+ days debt for CSP's are made up mostly of 2 companies who are actively being pursued.
- e) The cash position on the balance sheet is strong.
- f) There is concern that footfall to commercial areas is decreasing and it was queried how sustainable the fall in income through commercial outlets is.
  - i. The restructure will impact negatively on the accounts.
  - ii. JC stated that the Union is aiming to hit the bottom line budgeted surplus.
  - iii. The W3 accommodation could negatively impact on the Union.
  - iv. Wet sales are steady in the Bars but the combination of Catering and Ent's losses impact on the overall amount. Ent's and Catering are the short term challenges.
  - v. It was recognised that Ent's and Catering contribute to the other sales in the bars.
  - vi. Repeat custom needs to be cemented.
  - vii. 'We are Metric nights are being promoted and taken up well by CSPs.
  - viii. Expenditure is being reduced as best as possible.
  - ix. Trying to get the offer right to draw in clients.
  - x. The Union Survey indicates in general that customers are positive about the offer.
  - xi. Need to pitch the Ent's programme right to capture what the market wants.
  - xii. It was suggested that Performance Management/staffing in general could be an agenda item for the Away Day agenda.
- g) The Summer Term historically is difficult commercially and is hard to project if it will be positive or negative in terms of trading.
  - i. Bad weather impacts as this general stops people coming to the Union.
  - ii. Offering alternative paces during bad weather; opening the UDH for example, have logistical limitations.
  - iii. It was noted that the committee recognises the challenges but accept that plans will be implemented to mitigate the risks where appropriate.

**RESOLVED:**

- 1) To recommend that the Trustee Board note the January Management Accounts.**

## 6. SUMMER BALL PROPOSAL

RECEIVED: The proposal was presented by JC

NOTED:

- a) It was clarified that the committee were only considering recommendation 8.1.
- b) The Executive Committee were presented with 4 options and the presented plan is a consolidation of their feedback.
- c) Broadly, the feedback from last year's survey was positive with the most negative responses being about the fun fair; queues were too long. This has been acknowledged in the presented plan.
- d) The drinks vouchers promotion is trying to encourage revellers to come early to the venue than they did last year which, it is anticipated, increase the total spend per head.
- e) The Union will act as an intermediary for the dinner if this goes ahead and will make no profit on sales.
  - i. Potentially will arrange deals with surrounding restaurants if the dinner with College Campus Services (CCS) does not go ahead.
  - ii. The cut off date to decide if the dinner will go ahead is dictated by CCS.
  - iii. The only risk to the Union of not running the dinner is reputational, not financial.
  - iv. The inclusion of a dinner is a historical event but there is a cultural change on the demand on this
- f) The number of early bird tickets has been restricted and is also an 'end date' which makes it easier to budget.
  - i. There will be a countdown visual on the web to encourage sales and make it clear the amount of tickets left.
- g) The ball sold out last year which is a strong marketing tool.
- h) Although the Ball is not designed to deliver a profit, the committee agreed that it is prudent that the event is in profit on completion.
- i) Stephen Brown's comments were noted by the committee.
- j) The budgeting for lapsed take up has lots of assumptions that balance each other out and ultimately the bottom line is safeguarded.
- k) The reputational risk is low and the key perception that wants to be conveyed is value for money.
- l) The Finance and Risk Committee requested that updates be sent around.
- m) There is the option to recalibrate the budget after the early bird sales.
- n) The dates for the ticket sale plan were incorrect in the paper presented.
- o) The Committee moved to a vote and accepted the proposal presented.

**RESOLVED:**

- 1) **To accept the Summer Ball 2013 Proposal.**

## 7. 6 MONTH REFORECASTING

RECEIVED: The paper was presented by MM

NOTED:

- a) There were 'no surprises' in the document and the Committee moved to a vote and accepted the presented paper.

**RESOLVED:**

- 1) **To accept the Reforecasting paper.**

## **8. CASH PAYMENT**

RECEIVED: MM gave a verbal report

NOTED:

- a) There are 3 issues with cash payments, the use of an intermediary, payment of cash to receive a discount and conflict of interest/related party disclosure.
- b) There is a meeting on Monday 4 March to discuss the risk to the Union and how to resolve the issue of clubs paying with cash.
- c) Currently there is no general rule of guidance to clubs for payment in cash.
- d) A CSP making a payment in cash is not picked up by the Union until a claim is submitted.
- e) The basic principle is that the Union should not be paying in cash as then we are implicit in tax avoidance.
- f) It is appreciated that there are exceptions that payment in cash is acceptable.
- g) There is an authorisation process that all Union suppliers must go through.
- h) For a claim, there are levels of authorisation and all claims must be submitted with a VAT receipt.
- i) Having a policy will mitigate the reputational risk and ties in to transparency of transactions required of the Charity Commission.
- j) It is a balance of autonomy and good governance.
- k) The committee feels that there needs to be a policy on controlling cash payments and that payments should not be encouraged specifically for discounts.
- l) Would sit in the financial procedures and will be included in training and communicated.
- m) Colluding wittingly or unwittingly.
- n) Recognise the absence of a rule that needs to be there.

## **9. ANY OTHER BUSINESS - none**

Meeting closed 8.00pm

Minutes of the Imperial College Union  
Finance & Risk Committee  
26 April 2013  
Room 6, 630pm

**PRESENT:**

Lay Trustee	Janet Rogan – Chair (JR)
Council Chair	Michael Foster (MF)
Student Trustee	Nathaniel Bottrell (NB)
<u>Permanent Observers</u>	
President	Paul Beaumont (PB)
Deputy President (Finance & Services)	Stefan Nubert (SN)
Managing Director	Joseph Cooper (JC)
Head of Finance	Malcolm Martin (MM)
Honorary Senior Treasurer	Colin Kerr (CK)
Governance & Administration Manager – Clerk	Rebecca Coxhead (RC)

Apologies: Student Trustee Lejon Chua (LC)  
Observer: Kevin Lally, Knox Cropper

1. **CHAIRS BUSINESS – none**
2. **DECLARATION OF INTEREST – none**
3. **MINUTES OF LAST MEETING – 26 February 2013**

NOTED:

- a) The committee agreed to pass the presented minutes as an accurate reflection of the last meeting.

**RESOLVED:**

- 1) **To pass the minutes of the last meeting.**

**4. MATTERS ARISING**

NOTED:

- a) In regards to the Summer Ball, it was reported that ticket sales are on target. Still in first phase of ticket sales with the price increase occurring on the 10<sup>th</sup> May.
  - i. Acts are still to be announced. The acts are being sourced by an external booked and will be approved by the Union.
  - ii. Currently operating under budget.
  - iii. Anecdotally, there has been positive feedback on the theme.

***The agenda was changed at this point to consider agenda item 6 as the next item***

## **6. FIRST DRAFT OF 11/12 SORP ACCOUNTS**

RECEIVED: The papers were presented by MM and KL

NOTED:

- a) SORP (Statement of Recommended Practice) changes the emphasis on how a charity records and displays its accounts.
- b) Every registered charity is expected to produce an annual financial statement under SORP that explains where its money came from and what it did with it.
- c) Currently Clubs, Societies and Projects sit in the balance sheet but under SORP, they need to be reported. This will not add to the surplus but show the flow.
- d) The balance sheet is not a measure of the wealth of the Union but shows the resources available, what form those resources take and how they are held in the different funds, and provides information about the liquidity of assets and general solvency.
- e) Resource expenditure comes under 3 headings, 'Social Enterprises' which is commercial activity, 'Student Voice' which is elections and representation and 'Student Activities' which includes the Clubs, Societies and Projects.
- f) There is a requirement to explain the difference between last year's comparative which is a technical reconciliation.
- g) The annual report will require a detailed report from the Trustee Board which has prescribed key headings.
- h) The model of overhead distribution is still in development.
- i) It was queried as to the repercussions of a genuine misposting of overheads.
  - i. KL stated as long as the methodology is disclosed and is consistent year on year.
  - ii. It is realised that postings are subjective.
  - iii. There is a mechanism for changing the way things are calculated as long as it is explained why the change is needed and not 'massaging' the results – as long as the methodology can be backed up.
  - iv. The Trustee Board needs to approve the methodology used and the underlying assumptions could be approved at the same time. The FRC can approve the principles.
- j) Currently working with College to get figures and they have been very helpful in providing information in regards to space charging.
  - i. It is in College's interest to show that they are giving a substantial subsidy to the Union.
  - ii. Space charging is notional at present as the Union does not pay for this.
- k) Need to show that overheads are being covered in social enterprise – working to a surplus but not making large profits from our members.
- l) MM stated that a detailed Reserves Policy will come to the next meeting of the FRC.
- m) JR stated that she has trust in the Management Team to come up with a first draft and wants to see it in full context.
- n) Thanks were given to the Finance Team for getting the accounts to this point.

## **5. MANAGEMENT ACCOUNTS – FEBRUARY & MARCH 2013**

RECEIVED: The accounts were presented by MM

NOTED:

- a) There is an exceptional item in March with this reflecting the restructure costs.
  - i. This will rectify itself with the savings in staff costs coming in upcoming months.
- b) The recovery of debtors continues to be outstanding success.
  - i. The 121+ days debt for RBS has now been recovered.
  - ii. Debts will be cleared down at the end of the year.

- c) CK stated that the issues are well established however the SMT team are addressing these and are moving forward – they have their eye on the ball.
- d) There is a revenue problem – not a control problem. SMT have a good grasp on control.
- e) The offer in bars and catering is being changed slightly.
- f) It was suggested that the Proms queue should be targeted however there are licence implications in canvassing trade from non-members.
  - i. There is a promo plan for proms trade which doesn't compromise the Unions licence.
- g) The Cleaning Contract is being retendered at the moment.
  - i. Currently there is no breakdown on what extra work has taken place. No disclosure. There are politics around this as it is a college contract and there is a balance in pushing too hard.
- h) CSP's use of the free printing is excessive and looking in to controls on this.

**RESOLVED:**

- 1) To recommend that the Trustee Board note the February & March Management Accounts.**

**7. APPOINTMENT OF EXTERNAL AUDITORS**

RECEIVED: The proposal was presented by MM

NOTED:

- a) The cost of the auditors is extremely reasonable and the cost is borne by college.
- b) The company has dealt with the Union for many years and have been extremely helpful and understanding during this time where there has been a large amount of uncertainty.
- c) There is no certainty that College will continue to cover the cost of the auditors.
- d) The Committee moved to a vote and accepted the proposal presented.

**RESOLVED:**

- 1) To recommend to Board that the external auditors continue to be Knox Cropper**

**8. ANY OTHER BUSINESS**

**8.1 FINANCIAL STATE OF FELIX**

NOTED:

- a) PB stated that the Executive Committee meet to discuss the dire state of Felix finances.
- b) Finance regulations have ensured that the budget has been frozen and Executive Committee have requested that a plan to move forward and recoup the debt be submitted before this is unfrozen.
- c) Multiple efforts by sabbatical and staff have been made to try to rectify the problem however limited response was received from the Editor.
- d) It is being investigated to centralise the advertising of Felix and Central Union which would help mitigate the risk of Felix getting in to financial embarrassment again.
- e) This process would not be add that much of an extra burden to the Marketing Team.

## **8.2 DATE OF NEXT MEETING**

NOTED:

- a) It was questioned if the next meeting could start earlier due to the budget being discussed which would be benefit from having more time able to be spent discussing.

## **8.3 PUBLISHING OF MINUTES ONLINE**

NOTED:

- a) It was questioned if it is a requirement of the Charity Commission of the minutes of the FRC should be published online.
- b) They are presented to the Trustee Board as an agenda item but not published online.
- c) The committee saw no reason why they shouldn't be published and discussed that this is something to consider in the future.

Meeting closed 7.45pm