



cutting through complexity™

Education

Imperial College Union

Overall report rating:

**Significant assurance with minor
improvement opportunities**

Imperial College London

April 2016

INTERNAL AUDIT

Contents

The contacts at KPMG in connection with this report are:

Neil Thomas
Partner
KPMG LLP (UK)

Tel: 020 7311 1379
Mob: 07899 064 962
Neil.Thomas@KPMG.co.uk

Susan Harris
Senior Manager
KPMG LLP (UK)

Tel: 020 7694 8908
Mob: 07876 148425
susan.harris1@kpmg.co.uk

Page

- 1. Executive summary** 2
- 2. Recommendations** 5

Appendices

- A. Risk management across the Union
- B. Cash-handling, banking and stock management
- C. Training and support
- D. Management groups and key financial controls
- E. Staff involvement and documents reviewed

Status of Report

Discussion draft issued	10 May 2016
Management responses received	6 June 2016
Final report issued	6 June 2016
Presented to Audit Committee	23 June 2016

Distribution

To (for action):	cc (for information):
Malcolm Martin, Head of Finance Imperial College Union	Alex McKee, Managing Director of Imperial College Union

PEG and Provost Board John Neilson, Secretary and Registrar
Sponsor

This report, together with its attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management of Imperial College London, pursuant to the terms of the engagement, it should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole in part, without our written consent.

Section One

Executive summary

Conclusion

We have reviewed the processes and controls in place at the Imperial College London Union (the Union). We have concluded an assessment of **significant assurance with minor improvement opportunities (amber-green)**, in line with management's anticipated assurance level. This rating reflects that generally there are good processes in place across the Union regarding cash management and stock controls, but some improvements, especially to risk management, are required to strengthen the Union operations.

Currently, the Union is in the process of refreshing its Strategic and Operational risk registers. It is important the Union drives the development of the risk register forward in order to capture internal and external threats which can have negative impact on its reputation, financial and compliance performance. The Union should priorities the development of the strategic risk documents which will provide those charged with governance with crucial decision making information.

The management staff that we interviewed had good knowledge of the risks their area and the Union face, however the process at club level is less well developed as data collected through yearly club risk assessments is not monitored or summarised. A new reporting format would help the Union to manage this workload and ensure that all key risks are captured. This was raised a recommendation in the prior year and management are currently in the process of developing a more robust mechanism for monitoring as it refreshes its strategic risk register.

The Union will benefit from closer and more regular monitoring of the implementation of controls and action plans agreed as part of different areas' risk assessments.

The Union has taken steps to actively reduce the level of cash in use across sites, for example by reducing the price limit needed to pay for goods or services online, thus encouraging students to pay online rather than in cash. When cash is handled, staff are trained and there are clear processes around banking cash. The Union employs strong physical controls to prevent misappropriation of cash, but some clarification to the levels of cash a till can hold, how much cash a member of staff can carry and how often the code to the safe is changed would help to further strengthen the control environment.

Stock management is local management's responsibility and through interviews we found they had very good knowledge of the processes prescribed by the financial procedures. The use of external stock assessors for bar stock ensures separation of duties and accuracy of the stock figures.

On a club level, new club officers are trained on the use of Union funds. However, the level of student participation in trainings still remains an challenge. Feedback is collected after each training session. The obtained information is analysed regularly and actions are taken if areas for improvement are identified. From our discussion with club leaders they found the training to be helpful, however were reliant on the handovers from predecessors and that the quality of the handovers were quite varied.

Background

The Imperial College Union 'the Union' is a charity which operates in order to give students a voice at Imperial College London. It also has specific objectives around enhancing the student experience and building a student community. The College Union also has a wide variety of clubs, societies and projects. Membership has grown to over 20,000 students and they also hold cash, and raise cash in order to fund activities with which they are involved. In addition responsibilities have been devolved to these clubs for collecting and handling of cash and expenditure.

In 2014-15 we reviewed the key financial controls and risk management arrangements at a corporate level which we issued an overall assurance rating of 'substantial assurance with minor improvements' and over the past year the Union has implemented five of the seven recommendations and the remaining recommendations are due to be completed by the summer of 2016.

Over the past 12 months, the Union has been taking to steps to develop a comprehensive and continuous approach to risk management. Currently its revising its strategic risk register which is due to be completed in April 2016. As part of development of the strategic risk register, the key strategic risks and level of risk appetite was considered at a Board of Trustees away day. However given the devolved nature (and the fact its student led) of the Union, engaging Clubs, Societies and Projects continues to present a challenge. To support these challenges, newly designed induction workshops were delivered in the autumn of 2015. The workshops were redesigned reduce the headcount for each session and captured areas such as risk management and financial regulations. The feedback from students to date has been very positive. .

Section One

Executive summary

Objectives

The objectives of our review were:

Objective	Description of work to undertake
Objective One Risk Management (strategic)	We reviewed risk management arrangements in place at the Imperial College Union. This included: <ul style="list-style-type: none"> • Review of the processes for developing the strategic risk register; • Review of the register format and template; • Review of action plans/risk analysis forms for severe risks to ensure appropriate actions are being taken; • An assessment as to whether the tolerance score attributed to a sample of risks, reflects management's appetite for that risk; and • Review of risk management arrangements in place at the local level (e.g. club level) and how these risks are evaluated and fed into the strategic risk register when necessary.
Objective Two Effectiveness of key financial controls	We reviewed the operating effectiveness of key controls across a three locations,(e.g. bars) including: <ul style="list-style-type: none"> • Cash handling and banking; • Stock management
Objective Three Societies, clubs and projects responsibilities	We reviewed the training support provided to the societies, clubs and projects and the way in which feedback from the training is captured and addressed (where needed). In addition, we interviewed a sample of three club leaders to understand the effectiveness of the training. In addition given the devolved nature of the Union, we selected a sample of four clubs for the 2015-16 year to date and considered whether the key financial controls (e.g. cash collections, stock management and purchases) for a sample of transactions were adequately designed and operating effectively.

Areas of good practice

- ✓ Training provided to management and attendance at (senior) management meetings provides the Union with clear and easy communication channels and has resulted in a good awareness of the policies in place at the Union.
- ✓ The Union is encouraging students to pay online rather than in cash. This reduces the risk of misappropriation of funds, as it is significantly harder to misappropriate virtual funds.
- ✓ The Union maintains clear and comprehensive guidance documents regarding cash handling, banking and stock management.
- ✓ The staff interviewed had a good understanding and awareness of the risks facing the Union and specifically their operations areas.

Areas for Development

- Currently the Union is under the process of developing its Strategic risk register. Absence of fully developed strategic risk documentation exposes the organisation to unaddressed external and internal factors. **(Recommendation One)**
- Completion and quality of Clubs risk assessments remains an issue. Additional consideration should also be given on how the collected data is utilised in the process of developing the overall Union's risk strategy. **(Recommendation Two)**
- Those charged with governance should give additional focus on monitoring the implementation of the agreed risk assessment controls and action plans. **(Recommendation Three)**
- In addition, we have six low priority recommendations.

Section One

Executive summary

Recommendations raised

We have raised the following recommendations (high priority represents the most urgent and high risk category):

	High	Medium	Low	Total
Made	-	3	5	8
Accepted	-	3	5	8

Recommendations raised from 2014/15

We have included the status of prior year recommendations raised:

	High	Medium	Low	Total
Made	-	1	6	7
Implemented	-	-	5	5
Outstanding		1	1	2*

The outstanding recommendations have been raised a recommendations 2 and 6 in our current year recommendations.

Acknowledgment

We thank the staff involved for their help in completing this review.

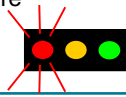
Section Two

Recommendations

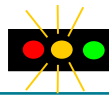
This section summarises the recommendations we have identified during the work performed as part of our current review. We have given each of our observations a risk rating (as explained below) and agreed with management what action the College should take.

Priority rating for recommendations raised

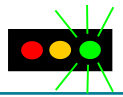
High Priority (one): a significant weakness in the system or process which is putting the College at serious risk of not achieving its strategic aims and objectives. In particular: significant adverse impact on reputation; non-compliance with key statutory requirements; or substantially raising the likelihood that any of your strategic risks will occur. Any recommendations in this category would require immediate attention.



Medium Priority (two): a potentially significant or medium level weakness in the system or process which could put the College at risk of not achieving its strategic aims and objectives. In particular, having the potential for adverse impact on your reputation or for raising the likelihood of strategic risks occurring.



Low Priority (three): recommendations which could improve the efficiency and/or effectiveness of the system or process but which are not vital to achieving the College's strategic aims and objectives. These are generally issues of good practice that we consider would achieve better outcomes.



#	Risk	Recommendation	Management response, executive and deadline
1	● (Two)	<p>Development of Strategic Risk Register</p> <p>The Union is currently in the process of developing its Strategic risk register and updating its Operational risk register.</p> <p>We recommend that the strategic risk register which is currently under development should include the appropriate level of details for trustee's decision making purposes.</p> <p>Each risk should be clearly identified and named. The identified risks should have assigned triggers, areas of exposure, likelihood, severity and overall rating. This will enable those charged with governance to have better understanding of Union's risk environment.</p> <p>The risk register should also include information regarding the possible consequences if the risk remains unaddressed, the existing controls in place and proposed action plans.</p> <p>Each action plan should be clearly assigned to a responsible officer together with specified target date.</p> <p>All identified risks should be assessed for relevance on a regular basis, we recommend that the risk review date should also be included within the developed document.</p>	<p>The Board of Trustees at its residential in April 2016 actively reviewed the strategic risk register and made further recommendations for improvement. An updated strategic risk register is to be presented at the June 2016 Board meeting. Consideration has been given to likelihood, severity and overall rating on the strategic risk as well as delineating the controls that are in place.</p> <p>Updating work on the operational risk register continues and an update is due to be discussed at the July Senior Management Team meeting (SMT). Detailed work by senior management has already been undertaken to refresh all the entries on the operational risk register, however a final review of the register is due to be undertaken in July ahead of the SMT meeting.</p> <p>Responsible Office: Head of Finance and Resources</p> <p>Due date: July 2016</p>

Section Two

Recommendations

#	Risk	Recommendation	Management response, executive and deadline
2	● (Two)	<p>Risk management at club level</p> <p>All clubs are currently required to fill out an annual risk assessment form. However, the Union does not monitor or summarise the data clubs enter due to the large volume of information.</p> <p>We recommend that the Union should perform risk assessment on all existing clubs and assign individual risks rating to each one. The Union should use the performed exercise to identify higher risk clubs. This will enable the management to implement efficient sample selection and perform quality checks on the submitted risk assessments completed by clubs associated with higher risk operations.</p>	<p>The Union's Health and Safety Committee at its June meeting will be discussing the issue of clubs engagement with health and safety and risk assessment with a view to both enhancing the level of engagement and developing an approach to processing the large volume of information.</p> <p>A considered approach is currently being developed and will be presented by the Student Activities Manager at the first term's (TBA) H&S Committee. Sports and recreational clubs will be targeted first.</p> <p>Responsible Office: Head of Student Experience and Services</p> <p>Due date: December 2016</p>
3	● (Two)	<p>Controls and actions plans monitoring</p> <p>Per our discussion with management we identified that currently there is no practice in place regarding monitoring the implementation of controls and action plans which fall under the responsibility of middle management.</p> <p>We recommend that regular spot checks on the agreed controls and action plans should be completed by the members of strategic and senior management groups.</p>	<p>A program of review will be presented at the July SMT. The plan will outline that middle management will be required to provide a quarterly update on control measures as they approach their review dates.</p> <p>A review of control measures will also be a feature of monthly line management 1-2-1's which are conducted by the strategic management representative.</p> <p>Responsible Office: Head of Finance and Resources</p> <p>Due date: July 2016</p>
4	● (Three)	<p>Checking the reasonableness of the prepared risk assessments</p> <p>From discussion with management we identified that the interviewed middle management staff had a good understanding and awareness of the risks facing the Union and specifically their operations areas.</p> <p>During our interviews we noted that there are existing practices which include spot checks on the day-to-day operations and action plans. However, these can be enhanced by ensuring that all control areas are covered by the performed risk audits.</p> <p>We recommend that management show take a review on the consistency of the risk management across Union's operations. This will strengthen the control environment and will give better opportunities for benchmarking and reporting purposes.</p> <p>We also recommend that the day-to-day risk assessments should be assessed on the reasonableness of the assigned severity and likelihood ratings.</p>	<p>Once the review program has been embedded there will be an opportunity to review the effectiveness of the controls by undertaking risk audits.</p> <p>This process will allow for the review of consistency across the Union's operations and identify areas for improvement.</p> <p>Responsible Office: Head of Finance and Resources</p> <p>Due date: July 2016</p>

Section Two

Recommendations

#	Risk	Recommendation	Management response, executive and deadline
5	● (Three)	<p>Risk assessment – eActivities functionality</p> <p>From discussions with management we identified that eActivities risk assessment tools, currently available for use by clubs officers, lack the functionality to capture the full complexity of the activities performed by clubs associated with higher risks.</p> <p>This issue is currently mitigated through introduction of paper based risk assessment form which is completed by some of the clubs. However, eActivities lacks to functionality for these forms to be uploaded online.</p> <p>We recommend that management should consider the opportunities for expanding eActivities functionality either by introducing additional space on the available fields for more comprehensive capture of information or an option to upload the completed paper based assessment.</p>	<p>The newly appointment Systems Manager will consider whether any alternations can be made to eActivities to enhance the functionality.</p> <p>In the absence of upgrading functionality, an alternative method of capturing and recording the more complex information will be established.</p> <p>Responsible Office: Head of Finance and Resources</p> <p>Due date: December 2016</p>
6	● (Three)	<p>Maximum cash in till and cash transportation policy</p> <p>Per the Financial Procedures, no more than £2,000 may be held in the till before it must be cashed. From discussion with retail and bar managers, we found that one of three people we interviewed was not aware of this limit.</p> <p>Per the Financial Procedures, one member of staff may not carry more than £2,500 at a time. Two members of staff together may carry up to £5,000 and for anything over this, they must be escorted by college security. From discussion with retail and bar managers, we found that one of three people we interviewed was not aware of this limit.</p> <p>The bars and shops do not normally have this high a turnover so we note that it is only on a rare occasions when cash needs to be taken out of the till within the shift. However this presents a non-compliance risk as staff are not adhering to the policy.</p> <p>We recommend that staff are reminded of the policies in place.</p>	<p>Bar managers and retail staff will be reminded of the limits.</p> <p>Responsible Office: Head of Finance and Resources</p> <p>Due date: June 2016</p>
7	● (Three)	<p>Stock records kept on manually maintained spreadsheet</p> <p>From discussions with bar managers we identified that currently the Bars are not using the EPOS system due to lack of functionality. Instead the stock records are kept on manually maintained spreadsheet.</p> <p>We recommend that management should consider implementation of automated stock records or maintaining a back-up of the existing spreadsheet records to prevent data losses.</p>	<p>The existing spreadsheet records will be kept on the shared file system which is automatically backed-up each day.</p> <p>An additional backed-up copy will be maintained.</p> <p>A new EPOS system is due to be introduced in January 2017 at that time consideration will be given to using an automated stock record solution.</p> <p>Responsible Office: Head of Student Experience and Services</p> <p>Due date: June 2016</p>

Section Two

Recommendations

#	Risk	Recommendation	Management response, executive and deadline
8	<p>● (Three)</p>	<p>Student management groups handover sessions</p> <p>From discussions with members of the student management groups across the School of Medicine (ICSMSU), Arts and Entertainment club (A&E) and the Athletics club (ACC) it came to our attention that the handover sessions with previous chairs was an important factor in determining early success within the roles. In particular identifying key contacts across the Union to solve problems - e.g. members of the finance team or key members of staff who can assist with bookings such as the Great Hall.</p> <p>We recommend that all existing chairs should organise a formal handover session and produce a list of key contacts who they have previously used to solve queries. An informal meet and greet session was cited as something that would help as it would be beneficial to put a face to a name in advance of the new academic year.</p>	<p>We encourage and help to facilitate chair-to-chair handover sessions among all student groups.</p> <p>In addition, the Union provides face-to-face training for new club officers (CSP) that is delivered to small groups by Union staff. Union instructors then become the primary contact for new CSP officers who they have delivered training to. This is the second year in succession that the Union has changed its method of training new officers.</p> <p>Specific handover training sessions are also being offered to new CSP officers. The most recent session was conducted in May 2016</p> <p>Responsible Office: Head of Student Experience and Services</p> <p>Due date: October 2016</p>

Appendix A

Risk management across the Union

We conducted interviews with several members of the management team to gain an understanding of their roles alongside the risk management procedures and controls in place.

Areas reviewed	Findings
Risk management at strategic and senior management level	<p>The authority for oversight of the Union's risk management policies and procedures has been delegated to the Finance and Risk Committee. The board, however, continues to have fundamental role in risk management, providing leadership, assessing the provided information and constructively challenging when developing strategy or monitoring management performance.</p> <p>As per our discussions with key management staff, we identified that both Strategic and Operational risk registers are currently undergoing a process of being developed or updated. (Recommendation One). Operational and Strategic risk registers are reviewed for completeness and adequacy by the Board annually. These documents are also reviewed by the Finance & Risk committee on a more regular basis. Union's risk appetite varies depending on the specific operations. For example, reputation or health and safety are areas which traditionally have been associated with risk averse strategies. While Union's financial strategy recognises the need for taking reasonable risks in order to achieve growth and returns.</p> <p>The risk management structure within the Union includes Management group which is involved in day-to-day operations and immediate action on the different risk areas, Senior and Strategic management groups which are involved in assessing and monitoring risks at higher operational and strategic level.</p> <p>Any late submissions of the annual risk assessments on management level are monitored and chasing procedures are implemented if necessary. During our discussion with senior management staff, we identified that currently there are no procedures in place for Senior and Strategic risk management groups to monitor the implementation of controls and action plans. (Recommendation Three)</p>
Risk management at managers level	<p>The staff interviewed had a good understanding and awareness of the risks facing the Union and specifically their operations areas. All of them have fed into the risk management process across the Union. The risk assessments on the venues are performed by the Events and Conferences Manager's team. These assessments are reviewed by the Health and Safety group. The controls and action plans are reviewed on regular basis. Any immediate high level building related risks can be reported and fixed by contracted engineers within two hours of being discovered.</p> <p>We reviewed six Building Area risk assessments and checked the reasonableness of the control measures proposed in respect of the identified high risks. No issues have been identified as part of our review. Our discussion identified that some operation areas (e.g. Licenced Trading) perform regular checks on the implementation of controls and action plans agreed as part of the completed risk assessments. Relevant score is assigned to each tested area and action measures are taken if required. This control can be enhanced by making sure that all areas on the risk assessments are covered by the risk audits. (Recommendation Four)</p> <p>The concept of risk is introduced to management through risk specific training which takes place on an annual basis. Each club must submit a risk assessment on e-Activities. However, currently there are no procedures in place specifying consequences if the assessments are not completed. (Recommendation Two). During discussion with Union's management we identified that currently e-Activities platform lacks the functionality to capture the full complexity of the risk assessments regarding clubs/societies with higher risk profile.</p> <p>The current system offers limited amount of field space which makes completing a comprehensive risk assessment a challenge. This issue is partly mitigated by the introduction of a paper based form, however e-Activities lacks the functionality to upload the completed form online. (Recommendation Five). Due to the large number of clubs and societies, the risk assessments are not reviewed when submitted. High risk clubs are put under more scrutiny, however currently the clubs are not assigned a specific risk rating. (Recommendation Two)</p> <p>Currently, there is no practice in place to perform spot checks on the controls and action plans introduced as part of the risk assessment submission. Such controls are implemented regarding large events or high risk clubs, however this is policy is not formalised, introducing a risk that some events can fall outside management's scope. (Recommendation Two). The Union does not have an effective method to analyse the information submitted by the clubs. As a result the risk assessments are not summarised and utilised in the process of developing the wider Union risk strategy and mitigation plans. The Union should consider implementation of system which allows to use of the collected information. (Recommendation Two)</p> <p>Training and support is offered to clubs' officers regarding risk management. The training involves half an hour presentation on Health and Safety during the induction training. A second hour long training is also available, offering further guidance on the completion of the risk assessments.</p>

We conducted interviews with two bar managers and one retail manager to gain an understanding of their roles alongside the risk management procedures and controls in place regarding cash handling and banking.

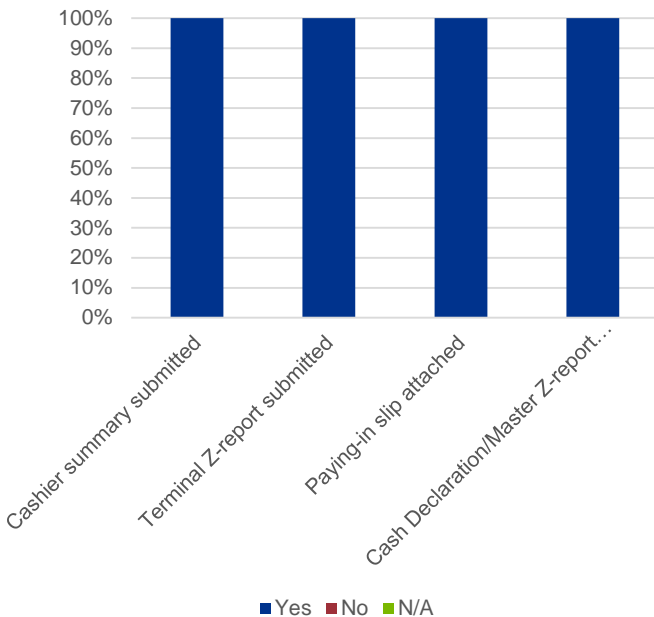
Areas reviewed	Findings
Cash is being incorrectly counted resulting in risk of misappropriation	<ul style="list-style-type: none"> ✓ Employees involved in cash handling are given training before they are given access to cash. This training is formalised through a recruitment pack, but also includes on-the-job (shadowing) training in the first few days of employment by an experienced staff member ✓ Cash is being counted at least once a day at the close of the business session. ✓ Cash counts must be entered into the till before a report can be printed to show values recorded in the till. ✓ Any discrepancies over £3 for retail and £5 for bars are investigated and require two signatures.
Cash pay-in slip is incorrectly completed	<ul style="list-style-type: none"> ✓ The documentation given to finance includes the Z-reading report, Cashier's summary and Cash declaration. These are attached to a copy of the paying in slip which is given to finance. ✓ Paying in slips and cash summaries should be provided to the finance team on the next bank working day. ✓ Cash is counted, inserted and sealed in a paying in bag along with a paying in slip. ✓ The sealed paying in bag is submitted to the Cashier's office.
Cash not banked during the same day is stolen	<ul style="list-style-type: none"> ✓ At all sites, cash not banked on the same day is held on a safe in the office. ▪ Our discussion with retail and bar managers identified that currently there is no practice for a regular change of safes access codes. We did identify that there are mitigating controls in place.
Till float amounts are not reviewed resulting in misappropriations.	<ul style="list-style-type: none"> ✓ All tills in retail have a cash float of £100. The H-bar has a float of £250 per till. All floats are counted at the end of each day before being putting in the safe overnight. The cash float is then recounted at the start of business when it is put back in the till. ✓ While the Union has introduced a maximum cash amount per till to reduce the risk of lost or misappropriated cash, one of the interviewees was not aware of this maximum amount of £2,000. While tills don't often include cash above this amount, a reminder regarding this policy should be sent to key staff members (Recommendation Six). ✓ During the interviews we confirmed that the finance team performs spot checks on the float and money held in the safe at all of the sites.
When transporting cash, there is a risk of theft	<ul style="list-style-type: none"> ✓ Staff never take cash home and it will be stored in a safe on site if it cannot be banked that evening. ▪ Of the three members of staff interviewed, one was not aware of the unions cash transporting policies limits, however we found that on occasion when due to specific events large amounts are transported Union's policies are followed (Recommendation Six).
Incorrect stock recorded	<ul style="list-style-type: none"> ✓ When stock is received at all sites, a count is carried out before the goods received note is signed off to ensure that correct levels of stock have been received. We reviewed this process by agreeing a sample of invoices to purchase orders and goods received notes. ✓ In retail, a full stock take is completed once a year. The inventory list is produced directly from the tilling system. All high expense items are 100% audited and a random sample of lower cost items is also selected for counting. There is a segregation of duties in place as the stock count involves prelist, writer, counter and auditor. ✓ In bars, a full stock take is completed each month by an external company. For the SK bar this procedure is completed twice a month. ✓ Retail carry out random periodic spot checks. For example they recently carried out a stock take of all stamps. ✓ Management at the SK and H bars have introduced local arrangements to perform daily stock counts on high volume items. ✓ We have reviewed a sample of five stock takes across the SK bar and retail shop and found that they have been carried out in line with the Unions procedures. ✓ Our discussions identified that currently the Bars are not using the EPOS system due to lack of functionality. Instead the stock records are kept on manually maintained spreadsheet. This imposes risks for data loss or manipulation. (Recommendation Seven)

Areas reviewed	Findings
Stock is misappropriated	<ul style="list-style-type: none"> ✓ There are strong physical controls to mitigate the risk of stock being taken. Stock is stored in the stock room, cellar or managers office which only management have access to. ✓ There have been no recorded incidents of misappropriation of stock.
Obsolete or wasted stock is not accounted for	<ul style="list-style-type: none"> ✓ In the bars, waste is recorded on the till on a daily basis. This allows waste and obsolete stock items to be identified and reported to Finance. The waste figures are also reviewed by the external stock counter. ✓ In retail, after stock counts are completed, a discrepancy report is run. This is then sent to finance who will write off the items. This segregation of duty mitigates the risk of staff taking stock and recording it as waste.

Test of Effectiveness: Cash handling, banking and stock management

Cash handling & Banking - Testing

We performed sample testing on the effectiveness of controls in place regarding cash handling and banking in retail/bars operations. As part of our review we selected 3 locations and tested whether the daily cash-up involved submitting Cashier Summary, Terminal Z-report, Paying-in slip and Cash Declaration/Master Z-report.

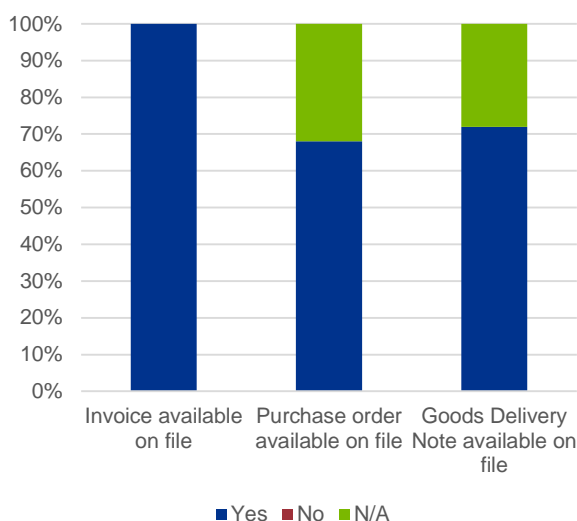


Test Results

- ✓ No issues have been identified regarding the submission of Cashier summaries at the end of the business sessions
- ✓ No issues have been identified regarding the submission of Z-reports at the end of the business sessions.
- ✓ No issues have been identified regarding the submission of Paying-in slips at the end of the business sessions.
- ✓ No issues have been identified regarding the submission of the Cash declarations at the end to the business sessions.

Stock Management - Testing

We performed sample testing on the effectiveness of controls in place regarding stock management in retail/bars operations. As part of our review we selected 3 locations and tested whether the controls in place involve matching the relevant invoices with purchase orders and goods delivery notes.



Test Results

- ✓ No issues have been identified regarding the accuracy and completeness of the reviewed invoices list.
- ✓ No issues have been identified regarding the accuracy and completeness of the reviewed purchase orders list
- ✓ No issues have been identified regarding the accuracy and completeness of the reviewed goods delivery notes list.
 - Purchase orders for Dairy Crest are not completed as these are products ordered via the telephone on a daily basis.
- ✓ Purchase orders and Goods delivery notes are not completed regarding the online payment transaction services supplied to the Union.

Appendix C

Training and support

We conducted interviews with Student Activities and Student Development managers to gain an understanding of their roles alongside the procedures in place around student training and training feedback assessment.

Area reviewed	Findings
<p>Insufficient training is provided to club/societies' officers</p>	<p>On a club level, new club officers are trained on the use of Union funds. The training consists of two hour induction session which includes 30 minute summary on financial responsibilities. Further hour long finance training is provided on funding, sponsorship, annual budgeting.</p> <p>Clubs officers also receive training manuals where additional information on the subject can be found. During the training session, club officers are introduced to a key point of contact who they can rely on in instances where additional support is required. The completion of the training is followed by an online assessment where 75% pass rate is required for successful completion. Access to the online Union platform is conditional on the successful completion of the quiz.</p> <p>However, not all club officers attend this training. Student participation remains an issue which should be closely monitored by the Union through an introduction of a specific action plan. The club officers are encouraged to arrange and participate in handover sessions. The Union is currently in development of specific handover training sessions to support societies' officers.</p>
<p>Feedback from training sessions is not collected, reviewed or taken into consideration</p>	<p>After each training session feedback is collected from the participants through specifically designed form. We reviewed the summarised feedback results. All six categories have been given an average rating above 4 (out of highest possible of 5), with all areas classified as being important and helpful.</p> <p>Club officers are asked to provide information regarding areas where they face challenges in managing the clubs. Based on the outcome of the training and the provided feedback, student activities and development officers conduct a term review on the content and structure of the provided training sessions and materials.</p> <p>If specific improvement points are identified during the review, a plan for improvement is created and implemented. The procedures undergo full review annually.</p>

Appendix D

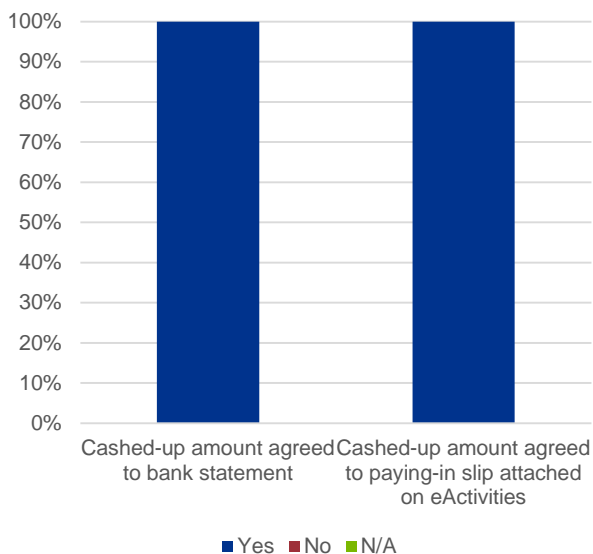
Management groups and key financial controls

We conducted interviews with several members of the student management group across the School of Medicine (ICSMSU), Arts and Entertainment club (A&E) and the Athletics club (ACC) to gain an understanding of their roles alongside the design and operating effectiveness of key controls in place.

Area reviewed	Findings
Structure	<p>There are 14 student management groups in operation at the Union with a total of 356 clubs falling underneath the management groups. The ICSMSU has 55 clubs, the A&E has 23 clubs and the ACC has 53 clubs.</p> <p>Each student management group has an executive team which varies in size, the School of medicine has 18 in the executive team whilst the Arts and Entertainment club has four. All elections commence at Easter with the roles actively starting on 1st August each year. Below the management group sits the various clubs who each contain a chair, treasurer and most have secretaries. The financial responsibilities sit with the chair and treasurer.</p> <p>It was agreed that finance management offered the most challenging aspect of the roles for club chairs. The chairs all agreed that budgeting sessions should be mandatory for them and potential office space would be a key benefit.</p> <p>We found a lack of communication at times between the Union and student management groups with regards to discipline and changes in policies (e.g. there did not appear to be any student consultation on the printing system which changed last summer to charging 3p for a black and white print out). There was no guidance on the new policy at the start of the academic year and a three month warning would have been beneficial.</p>
Training	<p>There is no specific training for student management groups and it was not felt training would be beneficial for management as experience is the key. All interviewees felt that the quality of the handover from the previous management groups was pivotal in the initial success of the role.</p> <p>All interviewees felt that being introduced to key people (e.g. the finance team, key members of staff who can assist with bookings such as the Great Hall) would greatly enhance their role. There was examples cited where the management group did not know who to contact to solve problems across the Union. We noted that every chair and treasurer at the club level had to undertake cash training.</p>
Stock management and cash	<p>There are clear controls in place around purchasing -</p> <ul style="list-style-type: none"> ✓ All purchases through the clubs in excess of £20 and below £1000 must be authorised by the executive team. (This was cited as 95% of transactions) ✓ All purchases in excess of £1000 required sign off from the ICU sabbatical officers. ✓ The ICSMSU run their shop online rather than operate in cash. This reduces the risk of misappropriation of funds, as it is significantly harder to misappropriate virtual funds. The medics executive team can order up to £900 of merchandise without approval. ✓ There is an inventory count twice a year in the ICSMSU whilst the A&E/ACC hold no stock. ✓ The A&E used to run concerts with cash on the door but this has moved online now. ✓ All floats at events are approved by the executive team and cash receipts signed by the treasurer before being sent into the Natwest Imperial College Union account.
Risk management	<p>There was strong understanding of the risk concept, such as health and safety in the A&E which could be moving the Grand Piano in the great hall or general wet weather risks and wind limited adherence within the ACC group.</p> <p>There has been a risk assessment bought in from January 2016 and each club write a risk assessment for club activities and event budgets in excess of £1000. Event budgets over £5000 require two members of executive team to sign off, an ICU member of staff and an ICU sabbatical officer.</p>
Budgeting	<p>Each underlying club develops a budget at the end of December/January through until March. This includes activities planned for the next year. Once a budget is submitted, management group executive team look at the budgets.</p> <p>It was noted that unlike the ICSMSU and A&E, the ACC did not meet their groups to assist in setting the budget and engagement was overall poor. There is a key peer review control operating whereby each executive team look at three other groups budget.</p>

Cash handling & Banking - Testing

We performed sample testing on the effectiveness of controls in place regarding cash handling and banking at clubs level. As part of our review we selected 25 cash-up transactions and tested whether the amount recorded on eActivities agrees to Union's bank statement and whether the relevant paying-in slip has been uploaded on eActivities.



Test Results

- ✓ All tested amounts have been agreed to Union's bank statement
- ✓ Paying-in slips have been uploaded on eActivities regarding all tested amounts

Expenditure - Testing

We performed sample testing on the effectiveness of controls in place regarding expenditure authorisation at clubs level. The union operates an authorisation structure within eActivities platform. It requires expenditure authorisation according to an in-build authorisation matrix. We have selected an invoice from each of the available bands and checked if the system controls are operating effectively. In addition, we selected all transactions above £10,000 incurred during the year and checked if they have been authorised in line with Union's policies.

Test Results

- ✓ All tested expenditure with currency amounts below £20 have been authorised by relevant club and management group officers.
- ✓ All tested expenditure with currency amounts between £20 and £1,000 have been authorised by the relevant club and management group officers.
- ✓ All tested expenditure with currency amounts above £1,000 have been authorised by the relevant club and management group officers. In addition, in line with Union's policy these expenditure have also been authorised by Deputy President of Finance and Services.

Appendix E

Staff involvement and documents reviewed

We undertook interviews in April 2016 with key staff members to inform this work, including:

Staff member	Title
Alex Mckee	Interim Managing Director
James Lindsay	Student Activities Manager
Jondenne Cottrill	Retail Manager
Paul Gallagher	Licenced Trade Manager
Sas Rhodes	Events and Conference Manager
Asher Forrester	H Bar Manager
James Lindsay	Student Activities Manager & Student Development Manager
Nick Snow	Student Activities Manager & Student Development Manager
Dan Green	SK Bar Manager

During our testing, we reviewed the following documents:

- Strategic Risk register draft
- Selected sample of Z-reports, Cashier's Summaries, Cash declarations and paying-in slips
- Selected sample of purchase orders, invoices and goods received notes
- External stock take reports
- Board of Trustees' meetings minutes
- Building Area Risk Assessments
- Stock Control Guidance
- Cashing-up procedures
- Miscellaneous Receipts procedures
- Finance Procedures 2015/2016 edition
- ICU Shop and Newsagent Stocktake Notes
- Club, Society & Project Officer – Welcome & Induction slides
- Club, Society, Project Officer Induction – Evaluation