

Imperial College Union
Finance, Audit & Risk / 27 March 2024

Committee Effectiveness Review 2023/24

Author(s): Tom Newman (Managing Director)
Purpose: To recommend the Finance, Audit and Risk Committee effectiveness review
Decision(s): To consider the findings and to approve the recommendations/actions

1. Context

The Board last carried out an effectiveness review in 2021/22 which did not include a review of subcommittee effectiveness. After further discussion it has been agreed by the Finance, Audit and Risk Committee chair to undertake a review of the committee in order to provide assurance to the Board that the committee exercises its duties effectively. The review will also enable the committee to incorporate any further learning for further improvements.

The Committee are asked to note the findings, and to discuss any further recommendations based on their collected experience. A summary will be provided to the May 2024 Board meeting.

2. Approach

The approach for the review was agreed at the October 2023 meeting of the committee, with the approach detailed below.

Phase One: Compliance

Phase one was a desktop exercise to ascertain whether the committee has satisfied its purpose via its specified objectives and activities, as detailed in the terms of reference, during 2022/23.

Phase Two: Written Data Collection

Phase two invited committee members to offer written feedback on positive aspects of FAR business, interaction and discussions by utilising prompts.

Phase Three: Discussion

Phase three will be an open discussion at the March committee meeting.

3. Purpose of FAR

The committee exists primarily for the following reasons which are detailed within the committee terms of reference and below:

- i. The principal purpose of the Finance, Audit & Risk Committee is to oversee the Union's financial planning, performance and management, and to assure the Board of its approach to risk management.
- ii. To add value through the experience and expertise provided by External Trustees in terms of financial management.
- iii. To add value through the increased assurance provided for the Board in terms of detailed consideration of matters related to finance, audit and risk.

Specific objectives and activities of the committee outlined in Byelaw B:

- Lead the development, approval and scrutiny of the Union's annual budgeting round and associated management account reporting.
- Oversee and ratify the allocation process of grant funding for student groups.
- Lead the development, approval and scrutiny of the Union's strategic risk register and associated policies and procedures.

- Receive the annual audit findings report (AFR) and College's internal audit report (IFR) and provide scrutiny over appropriate actions.
- Undertake detailed scrutiny of significant expenditure and contract items.

4. Compliance Summary

The Committee has five objectives as defined in the terms of reference. The 2022/23 year was reviewed to understand whether the Committee complied with its objectives.

The Committee should note the compliance evidence, any update to terms of references can be recommended to the Board in the July 2024 meeting.

Committee Objectives	Compliance Evidence
Lead the development, approval and scrutiny of the Union's annual budgeting round and associated management account reporting.	The Committee undertook budget discussion and recommended the budget to the Board. This occurred in June 2023. The Committee received management accounts at each meeting, other than August where no data was available.
Oversee and ratify the allocation process of grant funding for student groups.	The Committee undertook oversight of the CSP grant policy with a review and approval of the Student Group Funding Policy in March 2023.
Lead the development, approval and scrutiny of the Union's strategic risk register and associated policies and procedures.	The Committee reviews the strategic risk register annually and did so in November 2022. The strategic risk register has then subsequently been reviewed at each meeting of the committee as a standing agenda item. The Committee reviewed a number of financial and health and safety policies in 2022/23. The Committee does not currently have a timetabled approach to review of associated policies and procedures.
Receive the annual audit findings report (AFR) and College's internal audit report (IFR) and provide scrutiny over appropriate actions.	The Committee received and reviewed the annual audit in November 2022. This was recommended for approval to the Board. The previous College internal audit was received by the committee in March 2023. No actions were added to the action tracker relating to the internal audit 2022/23. There is no timetable or connected strategy relating to the College's internal audit programme, or formal linking with the Union's Strategic Risk Register to inform priorities.
Undertake detailed scrutiny of significant expenditure and contract items.	The Committee has undertaken oversight via task and finish groups of the Digital Transformation project, outsourcing of Union catering etc.

5. Committee Feedback

5.1 Feedback Survey Summary

The survey was offered to all members of the Finance, Audit and Risk Committee. Three members of the committee have undertaken the survey and provided responses.

Positives

- All respondents believed that the committee effectively scrutinises the Union accounts and budgets, and the Financial Audit to at least some extent.
- All respondents believe the timing of the meeting is 'Just Right'.
- Respondents believe the meeting is chaired well, and that a variety of perspectives are heard but these are sometimes lined to subjective member interest e.g. particular interest in CSPs over democratic services.
- Virtual meetings are viewed as positive as well as documents being available prior to the meeting.

Development Areas

- All respondents believe that the Union could more effectively scrutinise the allocation of grant funding for student groups.
- Feedback suggests there is assurance the Student Group Policy is followed but further assurance is required on whether CSP funding is value for money particularly relating and comparing with other Union priorities.
- There was strong feedback related to the risk of only having one external trustee as a member of the committee.
- It was not clear to some respondents on the difference of responsibilities between the Management Committee, the Finance, Audit and Risk Committee and the Board.
- More training and information required on Union financial model and management accounts so members can feel more confident with the data presented.
- More of an action plan approach to risk management.

5.2 Discussion

The Committee are asked to reflect on their own experiences of the committee and the content of this paper, in order to provide a discussion on any further recommendations for future improvements.

6. Recommendations

- i. Introduce a timetable for review of Union policies and procedures. Include a mechanism to understand what Union policies and procedures should exist, when they should be completed and reviewed.
- ii. More analysis of Union budgeting (including, and particularly, CSP grant) and how budget is allocated to inform scrutiny to aide decision making.
- iii. Introduce a prioritised approach to College Internal Audits linked to Union risk.
- iv. Escalate the risk of the lack of external trustees on the committee to the Chair.
- v. Develop an approach to measure the effectiveness of the Student Group Funding Policy.
- vi. Develop specific training and induction for Committee members particularly with financial matters and how the committee fits with the scheme of delegation and other committees.
- vii. Clearly define the purpose of the Committee and how it interacts with wider Union governance, and to include in committee induction.
- viii. Develop a prioritised approach to the Union's strategic risk register.
- ix. To provide the Board with a summary of the Committees effectiveness annually and to provide assurance the Committee has fulfilled its objectives as defined in the terms of reference.