

Minutes

Subject:	Minutes of the UEASU Trustee Board 18 December 18
Produced by:	Tony Moore
To:	Board
Action:	To approve
Status:	For publication
Paper:	TB 902
Purpose:	Record of Decision Making

Present: M Jopp (External Trustee), E Johns (EJ) (Student Trustee), C Flanagan (CF) (Student Trustee), M Marko (Full Time Officer Trustee) J Chapman (Full Time Officer Trustee), H Bowen (MA) (Part Time Officer Trustee), L Deary (LD) (Part Time Officer Trustee) S Atherton (SAT) (Full Time Officer Trustee), S Ascania (SC) (Student Trustee), B Gibbins (BG) (External Trustee), K Watchorn (KW) (External Trustee)

Chair: G Burchell (Full Time Officer Trustee)

In attendance: A Moore (AM) (Clerk to the Board), T Cave (Head of Finance) (TCA), T Cunningham (TCU) (Acting CEO), J Joyce (JJ) (Auditor, Crowe Clark Whitehill), Fiona Hotson Moore (FHM) and Andrew Warner (AW) from Ensors LLP

Apologies: O Gray (Full Time Officer Trustee), R Flaherty (PG Student Trustee),

Key Decisions/deliberations:

- *Received annual Audit Report*
- *Received forensic audit commissioned by the Board*
- *Appointed Toby Cunningham as CEO*
- *Approved the abolition of the Equality, Diversity and Accessibility Committee*
- *Approved updates to the External Speakers' policy*
- *Approved Scheme of Delegation, requesting one change: on responsibility for authorisation of emergency expenditure*
- *Approved a proposed Bye-Law amendment to increase the number of ETs and FTOs on Finance and AHRC*

Action Points

- *Trustee declarations of interest to be made to the June Board AM*

- *New job description for additional External Trustee to be drafted and job description for University nominee to be drafted JC*
- *Trustees to send their contributions on design of the KPIs to JC All*
- *Chair to ask CW to contact KW as to the draft of the CEO contract GB*
- *Scheme of Delegation: emergency items of expenditure – responsibility for approval to be changed from the Chair of Finance Committee to the members of Management Committee TCU*
- *Action points from the December Finance Committee to be circulated to Trustees AM*
- *Bye-Law amendment to be drafted to increase the membership of the Board's sub-committees JC*

Special Item: Audit Report

TB898 Annual Accounts -17-18

J Joyce (Auditor) advised there were some changes to be made to the text but the report was almost complete and the final version would be Charity Commission compliant.

JJ noted that the figures were complete and showed a net consolidated deficit of £311K in comparison to last year's £398K.

JJ advised that, if Trustees noted a difference between the consolidated deficit figure in the annual accounts and that given in the monthly management accounts, they should ask for a bridge to be provided between the two figures.

TCA reported that a bridge had been provided to and agreed by the Finance Committee.

JJ advised, as to the recommendations in the Audit Finding Reports, that there were no significant material discrepancies in the numbers for Trustees to have concerns about.

JJ reported that the Union had made significant progress on financial reporting and controls and this had made the audit process smoother than in previous years. JJ thanked the Finance Team for their work in facilitating the audit.

There were no comments on the Annual Accounts

JJ highlighted the following items in the Exceptions Report:

Reconciliation of sales and purchase ledgers to the accounting system

JJ noted that the sums owed to creditors and the sums owed to the Union were represented only as lump sums and were not broken down individually. JJ noted, when the audit team had asked for these to be individually reconciled, Finance had been able to do this but the point was this was not done as a matter of routine which was the practice in other SUs. JJ advised that reconciliation could be done, quarterly, using the Exchequer software.

Cash Accounts

JJ noted that the cash accounts had been prepared on two separate dates in July and there was no paper trail showing how these two sets of figures had led to the final figure on the balance sheet and it would be normal practice for this to have been provided.

TCA advised that the new Venues management team would be looking at the handling of petty cash and this would feed into how Finance would address this issue.

Supplier Statement Reconciliation

JJ noted that this did not take place and was important to ensure that the year-end cut-off was correct.

MJ wondered whether all suppliers should be contacted when the reconciliation took place.

JJ noted that it should be, at least, key suppliers and this would represent a step forward.

JJ noted management's work on issues flagged in last year's report.

Credit Card Controls

JJ noted that, if the Finance Committee, were happy with the current level of controls, the audit team would not continue to bring this up as they would have highlighted the level of risk under the present system.

SCA wondered what the consequences for Trustees would be if they were to not act on the auditor's recommendations.

JJ advised there would be no consequence for individual Trustees but, for the organisation, the greater the controls, the greater mitigation of risk.

TCU explained the present position with regard to credit card usage. TCU noted that small purchases were all made online and it would be too onerous a burden on staff and Officers to use their own cards and claim back. TCU noted that the limits were £1K or £2K. TCU noted that management would present more details to Finance Committee on who was allowed to use which cards and spending limits for each card.

JJ highlighted the following recommendations from the exceptions part of the report:

Reconciliation of ledgers

JJ noted that controls in this area guarded against fraud and any serious errors. JJ recommended that if, it were not practicable for staff to double sign-off each journal entry, there should, at least, be periodic sample testing

to mitigate risk.

Tills' Sales Variance

JJ noted this was the difference between what had been entered into the till and the cash takings at the end of the day. JJ noted that the variance limit for investigation varied across the organisation but that investigations when the limit had been passed were not routinely taking place.

Financial Procedures Manual

JJ noted that, if any staff were sick or left the organisation, having a manual in place in place would give incoming staff the ability to understand how things worked. JJ noted that management had begun work on producing a manual and that this would be a work in progress for 2019.

TCA advised that a report on progress on the manual would be a standard item on the Finance Committee agenda.

Shop Stock Procedures

JJ noted there had been improvements to the training of staff but there were still differences showing between the perpetual stock system and what was, actually, on the shelf.

TCU noted that Spar were helping Shop staff on this and the Assistant Manager role would focus on stock control.

JJ drew Trustees' attention to the advisory papers in the report which would give them detailed background on governance, developments in the charity sector, mitigation of the risk of fraud, and cyber security.

At the request of TCA, JJ drew attention to the need for Trustees to declare whether they or their families had conducted any business with the Union; JJ noted that these declarations should be made annually and provided to the auditors.

Chair asked that declarations on related interests be made to the June Board.

AP

TB899 Forensic Financial and Governance Audit

Fiona Hotson Moore (FHM) and Andrew Warner (AW) from Ensors LLP presented the results of a forensic audit requested by the Board in the wake of the departure of the previous CEO.

Financial Controls

FMH reported that financial systems and controls were, in general, working well but there were some areas where procedures needed tightening up.

FMH highlighted the following areas:

Bank Signatories/online banking

Recommendation that the number of signatories is increased to ensure correct authorisation.

Tenders

Recommended that there should be an official policy for tenders with a requirement that purchases over a certain level should have at least three tenders to go to Finance Committee to consider.

Fixed Asset Register

Noted that there was none in place and each fixed asset should have a unique identifier.

Supplier Accounts

Noted that this was an area where there was a risk of fraud and that the creation of an account should be approved by two people.

Payroll

Noted favourably that Payroll sat outside the Finance team but recommended there should be a separation of approval of the payroll and approval of payments.

Credit Cards

Recommended a formularisation of the process for card payments with a register of card holders and concrete justifications for who should hold cards.

Journals

Recommended, as had the regular auditors, that a journal log should be in place.

Governance

FMH noted that there were no issues to report as to the role and behaviours of the former CEO as to financial oversight.

FMH noted that performance against the Charity Commission checklist on internal finance should be annually reported to Board outside of the general audit.

FMH noted that the number and length of Board agenda papers were far too large for Trustees to gain insight and to allow meaningful oversight.

AM advised that the former CEO had taken responsibility for collation of the agenda papers and since their departure the Clerk had been able to reduce

the agenda papers to around 50 to 60 pages.

FMH recommended that the objectives of the Finance Committee and how it reported to Board should be made clearer.

FMH noted concerns about the Estimates Paper which effectively functioned as the Union's budget.

TCU advised that the format for the Estimates had been designed by the former CEO and work was underway to change the format.

AW advised it was important that a budget paper was uncluttered and easy to understand so that the Trustees could gain a meaningful oversight of the organisation costs when making budgetary decisions.

FMH noted that Board expertise was a fundamental issue for any charity and, despite inevitable difficulties in recruitment, it was important to have a range of expertise across the Board.

TCU advised that the Board had worked to identify any skills' gaps.

AM advised that a Trustee Effectiveness Survey was sent annually to Trustees.

FMH wondered what work had been done around internal and generic Trustee training.

TCU advised that Officer and Trustee training had been reviewed and for the current year an external provider had been commissioned to provide training independent of the organisation.

AM advised that, for External Trustees, the Clerk provided training on the structure and process of the Union and that staff were looking for an external provider for training on the principles of trusteeship to supplement the Charity Commission's guidance issued to all Trustees on appointment.

FMH noted that there was a resource issue for Full Time Officer Trustees in having adequate time to focus on their trustee work as well as their officer responsibilities.

FMH concluded by noting that there was no internal audit undertaken at present and this would be a useful exercise for an organisation of the Union's size; FMH noted that this might be outsourced if the Union did not want to invest in an internal audit function.

MJ noted that Finance Committee had discussed the forensic audit report and asked for actions to be taken on some of the recommendations; MJ thanked FMH and AW for their work on the audit.

ADMINISTRATION

TB900 Membership and Development

Chair welcomed H Bowen, the new Part Time Officer Trustee, to the Board.

JC reported that JC and EJ as members of AHRC had interviewed several candidates for the community relations ET brief and would recommend the appointment of Frances Fay to the post. JC noted that Frances had a wealth

of experience and held a senior position for corporate social responsibility with First Bus Group. JC noted that Frances had indicated that they would be happy to take on the Supervising Trustee for the Code of Conduct role.

On the recommendation of the Appointments and HR Committee (AHRC), the Board appointed Frances Fay as External Trustee and as Supervising Trustee for the Code of Conduct.

JC noted there were two more External more roles to fill. JC reported that the AHRC had looked at the IT and GDPR compliance role and recommended that this be broadened out to encompass strategic communications.

Chair asked JC to prepare a job description to include the new criteria and use this in the upcoming recruitment. **AP**

JC noted the intention would be to have a recommendation ready for an appointment to be made at the next Board meeting.

JC noted, for the remaining ET role, the University had submitted a formal request for a University nominee to sit on the UEASU Trustee Board.

JC noted that AHRC had welcomed the request and had thought it desirable for the University to give the Union some options as to who they would appoint rather than the University making the appointment.

EJ noted AHRC had asked the University to nominate someone with charity law expertise as this was a problem area for Board recruitment.

KW cautioned that, rather than asking for a number of candidates, it might be better to request one nominee with a specific set of skills.

After a Board discussion of KW's point, the Chair asked JC to prepare a job description for the University nominee and to send this to the University to inform their choice; AHRC would then run a normal interview process. **AP**

CLOSED SESSION

TB901 Declarations of Interest

The Board noted that: Martin Marko was, not as stated, a graduate of the University but a sabbatical postgraduate student at the University; Charles Flanagan had begun an internship funded by the University.

TB902 Minutes of the previous meeting

JC noted a cut and paste error as to the name of the Chair, with this correction, the minutes of the meeting held on 18 September were agreed excepting.

TB903 Action Log and Matters Arising

Chair noted the action points were completed or were covered elsewhere on the agenda.

There were no comments or matters arising.

TB904 Abolition of the Equality, Diversity and Accessibility Committee

JC noted that a Bye-Law Amendment, proposed by a Part Time Officer, and passed by Union Council had merged the Equal Opportunities Committee (EOP) (part of the Union's executive arm) with the Board's Equality, Diversity and Accessibility Committee (EDA) to create the Equality, Diversity and Inclusion Committee (EDICt).

AM advised that the Board would need to give prior approval to the abolition of its own sub-committee and membership of the Committee would need to be looked at as an External Trustee had been included on the list of members whereas it might be more appropriate for an External Trustee to be invited.

AM noted that the reasoning of the proposer of the change had been that, as the EDA had never met and appeared to be moribund, it would make sense that the EOP, which was charged with making recommendations on staff and student equality and diversity to the Board, should, in its new iteration, as EDICt, take over the role that the EDA had failed to fulfil.

MJ wondered where the minutes of the EDICt would go and noted the Trustees' responsibility for staffing matters.

JC noted that EDICt would report to the AHRC.

The Board approved the creation of EDICt and the abolition of EDA with the proviso that the Bye-Law should be amended to invite rather than appoint an External Trustee to EDICt.

TB905 Sub-Committee Minutes

Noted.

PERFORMANCE

TB906 External Speakers' Review

TCU advised that it was a requirement of the Prevent legislation that the Board reviewed the policy and reports on External Speakers annually.

TCU noted that, although the Union had policy not to support Prevent, it was legally obliged to comply with the legislation.

TCU noted that the policy had been updated in the current year and the updates had been approved without comment by the University.

There were no comments.

The Board noted receipt of the report and approved the updated policy.

TB907 Scheme of Delegation

TCU advised that the existing Scheme had been tightened up as to powers of decision making over financial management, staffing and recruitment.

TCU advised that a key task going forward would be to train the chairs of the various committees and groups as to the scope of their powers under the Scheme.

JC wondered, as to the one off items of expenditure over £20K approval of which had been delegated to Management Committee, what sort of items were covered under this category.

TCU advised that the category would be for an emergency expenditure such as the PA blowing up and needing replacement in order for the LCR to function.

JC thought that this would be a big decision for one person, the Chair of Finance Committee in the proposed delegation, to take.

TCU advised that the decision might be made by email by the members of Management Committee.

Chair asked that the Scheme be changed so that the authorisation of the expenditure would be approved by Management Committee. **AP**

There were no further comments.

The Board agreed the Scheme of Delegation with the above change.

TB908 Chief Executive Report

TCU advised that the Union had not had a response from NUSSL as to the letter notifying them that the Union would continue purchasing but would refuse to sign any lock-in agreement. TCU noted that the lack of response was, no doubt, due to the present crisis in the NUS. TCU advised that NUSSL could not afford to lose the Union as a customer and trading would continue on its present terms.

NUS Crisis

TCU advised that a paper would go to Management Committee on the Union's contribution to the NUS Turnaround Board's consultation exercise on how to meet the crisis; key points would be:

- NUS must be the national voice for all students and must listen to the different parts of the movement – FE, the nations and the liberations included
- NUS democracy should be less cumbersome
- WONKE can support HE as to policy advice – NUS should concentrate on what it does well – officer support and training plus generic legal advice
- NUS must look to improving the behaviours of officers and staff

National Living Wage

TCU reported that the National Living Wage Foundation had shown no interest in developing a bespoke student living wage and that the University had recently become a national living wage employer. TCU advised that these two developments left the Union with no option but to pay the NLW to all student staff. TCU noted that would leave the issue of pay rates for permanent staff on the lowest grades. TCU advised that the University had a similar problem and the Union would look to how the University approached the issue when implementing the NLW: these observations would inform a paper to come to the next Board.

GDPR

TCU reported as to GDPR that the interim Director of HR was overseeing the work and that the Union was near to compliance for dealings with the public and with staff data. TCU noted that work was continuing as to members' data but was confident that the Union would be compliant by the May deadline.

There were no comments.

COMMERCIAL AND TRADING

TB909 Development and Oversight Board Minutes

Noted.

TB910 Social Enterprise Report

Noted without comment.

FINANCE & LEGAL

TB911 Summary of Finance Committee Business

JC, in the absence of OG, reported that the Committee had met earlier in the day and had looked at the recommendations in the audit report and had asked for several actions to be taken.

Chair asked for the action points to be circulated to Trustee. **AP**

JC reported that the Committee had agree to accept the recommendations of the Trustees of the SUSS legacy scheme as to a resolution of a historic legal issue; JC noted this was in line with the consensus of the Board at its September meeting.

There were no further comments.

TB912 First Quarter Management Accounts

TCA reported that trading was somewhat ahead of budget and spending somewhat below which was normal for this phase. TCA noted there were no red flags to be reported. TCA noted that, in line with the Board's delegation, the Finance Committee had gone through the individual papers in detail.

There were no comments.

STRATEGY

914 Strategy Development Weekend

Chair noted that Trustees had opted for the weekend of 6 and 7 April and that the spring Board meeting scheduled for 2 April would move to 6 April.

RISK

TB915 Risk Register

TCU advised that the process for reporting of risk needed to be reviewed annually and that this would be considered at a future meeting. TCU reported there had been some additions to the Register including the crisis at NUS.

TCU noted the recommendations in the audit reports on health and safety and legal compliance. TCU advised that following the recommendation, the intention was to conduct a compliance audit to be undertaken bi-annually by an external provider so as to give the Board comfort as to the integrity of the Union's procedures; TCU noted that a paper would go to the Strategic Development Weekend for consideration.

The updates to the Register were received without comment.

TB916 GDPR

JC wondered whether the Union would be compliant by the May deadline. TCU confirmed that it would.

There were no further comments.

SUNDRIES

TB917 Key Decisions of Union Council

Chair noted an issue concerning EDICT had been raised earlier in the meeting.

SA believed there was an issue concerning another policy which sort to end the endorsement culture in Union elections. SA noted that the resolves would suspend a FTO for the duration of the campaign if they breached the policy.

MJ believed it was unclear whether they would be suspended as an Officer and/or a Union employee and how the Board would deal with the ambiguity.

TCU advised that they would be excluded from campus so it would be suspension from both roles.

KW suggested that the ramifications should be included in FTOs' contract of employment.

AM advised that it was also unclear whether an FTO would be suspended as a Trustee; if it did, it was questionable whether this would be valid.

TCU advised that pragmatically the FTO would be steered away from any Trustee business during the suspension.

There were no further comments.

TB918 Any Other Business

JC raised the issue of membership of the Board's sub-committees.

JC noted that the recent AHRC meeting had been inquorate and the Finance meeting had only just made quorum.

JC wondered whether it would be advisable to expand the membership to include more Board members to help ensure that meeting would reach quorum.

MJ thought that the Board would not want to dilute the student voice but meetings often took place out of term time and it might be more practicable to have more places for External Trustees and FTOs.

There were no further comments.

*The Board agreed as to the need to increase the membership of its sub-committees and asked JC to draft a Bye-Law amendment to take to Union Council. **AP***

TB919 Revised Cycle of Business

Noted without comment.

TB920 Time, date and place of next meeting

On the Saturday of the Strategy Development Weekend.

TB921 Meeting Self Evaluation

KW asked that meat products be included at the Board's lunch.

TCU noted that this particular meeting had been dominated by finance and one of the tasks for the Strategy Development Weekend might be to look at how the Board dealt with each strand of governance. TCU advised that there was a need for the main Board to consider the audit report and recommendations but that some of the background might be made more accessible if interested Trustees attended the Finance Committee.