

Finance Committee

DATE / TIME / VENUE	1030, Wednesday 3 October 2018, Room 0.32, St Andrew's Court
PRESENT	Mark Readman, Chair of Finance Committee Baldev Laly, External Governor Jane Hoskins, External Governor Ingmar Rinck, External Governor David Willan, External Governor
IN ATTENDANCE	Georgio Bendoni, Staff Representative Dr Liz Bartle, Deputy Director of Finance (Financial Systems) Paul Drohan, Investment Manager (for Min 4 and 5) Violet Karapaseva, President UPSU Dr Jenny Walden, Staff Governor (Min 5 onwards) Emma Woollard, Executive Director of Finance
SECRETARIAT	Adrian Parry, Executive Director of Corporate Governance Jemma Keys, Senior Governance Officer

19 Welcome, Apologies, Declaration of Interests and Quoracy

- 19.1 Apologies were received from External Governors: Jenny Crighton, Bishop Christopher Foster and Anne Lambert; and Vice-Chancellor: Professor Graham Galbraith.
- 19.2 Declarations of interest: Baldev Laly had previously recorded that he was involved in a property development business in Portsmouth and that he owned a Pharmacy business that had formal links with the University's School of Pharmacy.
- 19.3 The Executive Director of Corporate Governance confirmed that the Committee was quorate and could proceed to business.

20 Minutes of the Previous Meeting

The minutes of the meeting held on 18 September 2018 were confirmed and signed as an accurate record.

21 Matters Actioned And Matters Arising

- 21.1 Matters Actioned: Three items narrated in the report were noted without further comment.
- 21.2 Matters Arising: There were no matters arising.

22 Annual Investment Fund Annual Report 2017/2018 – confidential minute

23 Treasury Management Policy Review – confidential minute

24 Overview Report And Provisional University Financial Statements 2017/2018

Committee received a report from Dr Liz Bartle, Deputy Director of Finance (Financial Systems) that provided the provisional University Financial Statements as at 31 July 2018. The following points were noted in discussion:

- 24.1 The Financial Statements were prepared in accordance with the Higher and Further Education Statement of Recommended Practice (SORP) and the FRS102 subset of International Financial Reporting Standards.
- 24.2 The statements would be audited by the University's external auditors. The statements were therefore draft until this process had concluded.
- 24.3 Committee would receive the finalised statements at its meeting on 13 November 2018, before final submission to the Board of Governors for approval on 26 November 2018. The Audit and Quality Committee would also review the statements at its meeting on 14 November 2018. The final deadline for submission of the audited financial statements to the Office for Students (OfS) was 3 December 2018.
- 24.4 The Annual Accounts Direction, published by the OfS, outlined the information that providers were required to include in their audited financial statements. It was noted that the OfS had requested additional disclosures on senior staff pay and severance payments to staff.
- 24.5 Committee reviewed the Financial Statements page by page and noted the following:
- (i) Point 14: Income from research grants had increased by £981,000 to £8.8 million when compared to 2017/2018. It was suggested that this achievement should be highlighted in the Operating Financial Review (OFR).
 - (ii) Point 15: Other income had fallen by £1.8 million in 2017/2018. £805,000 of this reduced income was predominately due to the impact of Burrell House being taken out of use to allow for major refurbishment.

- (iii) Point 21: It was noted that this paragraph should be reworded to reflect that the £100 million private placement loan was received half-way through the financial year.

Action: Deputy Director of Finance (Financial Services)

- (iv) Point 23: Care was always taken to ensure that capital and revenue was correctly projected on the balance sheet. The Finance Team held regular discussions with the Estates Team and the University's external auditors to discuss the categorisation of projects.

- (v) Point 25: Some buildings in the Langstone Campus had been written off and depreciated. Committee noted that the write-off of obsolete stock was important for the balance sheet however, in order to start the write-off process, firm plans for vacation of buildings were required.

- (vi) Point 27(vi): Portsmouth Technopole Limited (PTL) reported a loss of £9,000 in 2017/2018. This was largely due to a one-off payment of £50,000 relating to 2015 which arose from incorrect billing by an external creditor. It was agreed that an explanation for the one-off payment should be included in the statements.

Action: Deputy Director of Finance (Financial Services)

- (vii) Page 40, Staff Costs: The University had followed the Office for Students' pro forma for disclosure of staff costs. The Vice-Chancellor's pay ratio had not yet been finalised. Committee noted that the Remuneration Committees undertook a robust process to set the remuneration of the Vice-Chancellor and senior post-holders, including benchmarking the posts to those in comparable universities.

- (viii) Page 41, Staff Costs (continued): The reference to 'the group' for the University and its subsidiaries should be amended to clarify its composition.

Action: Deputy Director of Finance (Financial Services)

- (ix) Discussions were underway with the University's external auditors with regards to how the University's bonds should be accounted for within the accounts. Committee expressed their concern that the auditors may consider that the bonds should be treated as Complex Financial Instruments. The University needed to fully understand the rationale behind any such opinion. It was suggested that consideration should be given to how these had been accounted for by other universities.

- 24.6 Committee noted the draft financial statements as at end July 2018, noting that they were subject to changes.

25 OfS Circulars

Committee noted that publications and circulars could be found at:
<https://www.officeforstudents.org.uk/publications/>

26 Next Meeting

The next meeting would take place on Tuesday 13 November 2019 from 1030 to 1230.

27 Delegated Authority

Committee agreed to give the Chair delegated authority to take Chair's action before the next meeting.