



Audit Report

Portsmouth Supporters Trust

Report Date: September 27, 2015

Distribution List

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BACKGROUND

The Portsmouth Supporters Trust have had a turbulent year with a number of operational issues taking a disproportionate amount of time and effort. This culminated in an open meeting in April where an Audit of the Boards effectiveness was requested by the membership present at that meeting. After some time to determine the team to carry out the audit and to agree the Terms of Reference the audit finally got underway in late July. Copies of the Terms of Reference and CV's of the team are included in this document.

SCOPE

The scope of the audit is included in the Terms of Reference and was applicable to all current members of the Board and where we could, some past members of the Board.

OBJECTIVES AND RESULTS

The audit evaluated the adequacy of group competency, controls and processes to achieve key business objectives as they related to the Trusts objectives.

This report could have concentrated on failure but we decided that it was more appropriate to concentrate on the activities that could make positive change. Should any of the Board wish to pursue the failure that created the improvement suggestion then the Audit team are more than happy to assist the board in understanding that.

ALLOCATION OF ACTIONS

Most actions have been allocated to the Chair or the Secretary, thus it is up to them to appropriately allocate those actions within the Board for completion. The audit team have not put dates against the recommendations. We do consider for the best outcome some recommendations are dependent on each other. As the Board actions the recommendations the audit team are prepared to offer advice to the Board should they request it,

Scope of Audit

These are the goals and deliverables agreed by the PST Board on the 6th August.

Goals:

- 1 Review current Board process suite against best practice.
- 2 Prepare a report for the PST Board with recommendations.
- 3 Recommend future actions and activities

Deliverables

Report to the PST Board on:

- Current process suitability and effectiveness
- Clarity of roles and responsibilities
- Meeting Agendas, Minutes and activity management
- Proposals and follow on activities
- Proposed Report to PST membership at AGM.

Audit work group plan

The Audit group decided that the best approach to carry out the Audit was to interview a selection of current and past members of the Board who had served in the Board up to July 2015 from April 2013. Participation was voluntary. All current and ex-Board members who had been on the PST Board for the twelve months to July 2015 willingly agreed to be interviewed. We thank them all for their participation, openness and co-operation.

Topics reviewed were PST Strategy, Roles and responsibilities, Objectives, achievement, Effectiveness of meetings and processes.

Opinion

From the outset of the audit, it was clear that there has been good stewardship of members shares and funds. The team have been working hard under, some at times, difficult circumstances, to maintain the focus that the task needs to remain generally successful in the running of the Trust. The PST Board has found the last twelve months difficult as it strives to adjust to its steady state position of running the PST and participating as significant shareholders of PCFC. The elected board members reduced from ten to six over the year. We have made a number of recommendations for the Board to consider. We have noted that some of these were part of the Election statements of candidates. If these recommendations are implemented correctly then the Board should mitigate the risk of a repeat of the issues that have affected trust performance in the last year and continue the aspiration to become a more effective Board.

Board member's commitment.

Members seeking election to the Board or accepting appointment to an officer position have accepted that there is a commitment to work on behalf of the PST Members to agree and deliver the PST Strategy and to be held accountable by the PST Members. PST Members have to recognize that PST Board members are volunteers and that they are not working full time on PST Business. The speed of progress to implement the PST Strategy is dependent on the resource within the Board and the willingness of non Board members with expertise and enthusiasm, to commit and volunteer to work with Board members on specific aspects of the strategy.

Current process suitability and effectiveness

The PST Board has in recent months had only six elected members and is significantly below its full strength. This has impacted on the progress the trust has made in recent months. Individual Board members have been pursuing strategic objectives in the areas of long-term impact of declining PST Share of total shareholding, stadium development, updated Governance and communications. The PST Board Members who are on the PCFC have continued to represent PST members and the wider fan base in developing the Community Club.

The only documented roles and responsibilities are those within the constitution. We were not shown any individual documented roles and responsibilities or quantified objectives.

PST Strategy

A comprehensive PST Strategy is still work in progress. The PST Strategy should be aligned with the PCFC strategy and the PST Board should support the club in delivering elements of that strategy. The interests of PCFC and PST Stakeholders have to be taken into account when developing the Strategy. The Board Members value the work undertaken earlier this year with a facilitator to develop the Board activity and strategic view. It provided a common knowledge set, was motivational and provided a good team bonding experience.

Recommendation: 1 The new Board should revisit the Board Development work with a facilitator to ensure understanding and consensus on the Strategy and Board responsibilities. It is also an opportunity to build a united Board. **Action by the Chair**

Recommendation: 2 As part of agreeing the Strategy and the objectives for the next year the Board should identify the risks to delivering the strategic objectives within an Assurance Framework which will show what mitigation actions are in place. **Action by the Chair and Secretary**

Recommendation: 3 The PST Strategy should be approved by the PST membership at the AGM or equivalent meeting. **Action by the Chair**

Clarity of roles and responsibilities

PST Board members told us that there was a lack of holding to account within the Board and that often Board Members would take action on an area that was outside of their role. When dates were set and reset there was often no discussion about the action plan to recover. When a Board Member was absent some did not provide a report.

Recommendation: 4 The roles and responsibilities of each member and officer should be clearly defined in objectives that support the PST Strategic objectives and with a timeline for delivery. The main work of the PST Board will be executed between meetings. **Action by the Chair with Board Members**

Recommendation: 5 Progress on these objectives should be monitored by the PST Board and PST Board members should be held to account to the Board for delivery to plan. Holding to account promotes a better relationship around the Board table. The Board should monitor progress and action plans to stay on track or to recover to an original or revised timeline. **Action by the Chair**

Meeting Agendas, Minutes and activity management

The Board meetings are scheduled monthly and agendas are set in a traditional format. Board members told us the Agenda was too long for all items to be dealt with appropriately. Reports, subgroup reports and proposals were often made verbally so there was no

opportunity for Board members to prepare and read for the meeting. Also absent Board members would not see all of the meeting subject matter. Meetings often lasted four hours or longer. Board Members told us that casual discussion on PCFC football matters and other matters outside the PST scope of control would often encroach on Board time. There is a lack of inspection and holding to account for areas not reporting progress. Important items would occur under any other business and not be given sufficient scrutiny. Meetings have been cancelled late due to number of apologies.

Recommendation: 6 The Board should clarify to PST Board and members the scope of control of the PST Board and Board Agenda and business discussed should reflect this. **Action by the Secretary**

Recommendation: 7 The Agenda should be informed by the strategic objectives and the risks to meeting those objectives. The relationship between the agenda item and the strategy should be clear. Agendas should be time scheduled and balanced to time available. The Chair should ensure that the meeting keeps to time but also ensuring that important discussions are not cut short. Reports and proposals should be submitted in advance so absent members can make their views known to the Chair. **Action by the Chair and Secretary**

Recommendation: 8 It is essential that all Board members report in writing on progress against their objectives. For each primary role on the Board there should be another member who has secondary responsibility. In the absence of the primary member the secondary member is responsible for reporting. By “buddying-up” teamwork will be encouraged and support provided when progress goes ‘off-track’. **Action by the Chair and Board Members.**

Recommendation: 9 The Board should consider the frequency of Board meetings and whether having two meetings (for two hours) within each month would provide for better discussion and improved progress. We would suggest that the activity be divided between an Operational focused short term and a Strategic meeting (one week later) with more time devoted to in-depth review of existing or new elements of the Strategy. **Action by the Chair with the Board**

Recommendation: 10 The Board should clarify the roles and responsibilities of non-elected non-voting Board members and the Chair should ensure that elected and non-elected members are accorded appropriate input to the discussions. **Action by the Chair**

Minutes

One elected Board member acts as minute secretary. We were told that the minutes record the substance of what is discussed, papers presented, the proposals and resultant actions agreed. An action grid is then sent to Board Members with Board Member responsible. Based on a sample of Board papers and minutes examined we saw that minuted actions did occur on some items but it was not clear the next steps on all items. We were told that often not all Board members had read the minutes or submitted papers and that did not help ensure the accuracy of the minutes or with the flow of the meeting. Confirming accuracy of the minutes would ensure that for items discussed that should have been subject to a decision or follow up they were appropriately actioned. Once approved a summary of the Board meeting is published on the website. At the time of writing (September 2015) the last summary is March 2015.

Recommendation: 11 In future the Chair should ensure that next steps on an agenda item are clear before moving on to the next item. The Secretary should ensure that this happens. **Action by the Chair and Secretary**

Recommendation: 12 After each Board meeting a brief update is published on the website that tells members topics that the Board has been discussing (without breaching confidence or confidentiality) and when this will be part of a fuller communication. We believe that this with an agreed strategy will satisfy the insight to Board activity that most PST members want. PST Members have to recognize that much of the work done by the Board is long term and there will not be significant developments every month. The penultimate action item on each Board Agenda is Matters for communication from Board to members. Do not over commit! **Action by the Chair and Secretary**

Communications on website and by email to members.

There have been several occasions in recent months that information from the Trust Board and its officers have been released on the website or sent which include errors or unwise content.

Recommendation: 13 Communication to members by e-mail and on website. Before release into public domain the accuracy of all information should be checked and approved by another Board member (Secondary member) or officer. Information about individuals should be reviewed with subject individual and any dispute brought to the attention of the Chair for decision. **Action by all Board members**

Engaging with the membership and canvassing for views

During the interviews it became very clear that PST Board has suffered on two fronts this year in the eyes of the membership. Firstly there have been operational issues that have taken up more than their fair share of resource. The audit also recognises that none of the issues found were created for anything other than for what was considered best for the Trust at the time. Subsequent events were to come about which were outside of the control of the Trust and they found themselves involved in something it got increasingly difficult to remove themselves from. This led to a decision to cease commenting publicly about the issues, which led the membership to believe something else might have been happening. The audit applauds the general action that the Trust took in ceasing any further comment on these personal matters but recommend that the Trust considers publishing a general statement in the future should it be unfortunate enough to find itself in a similar position.

During the year there was also the issue of the Accounts not being dealt with in a timely way. The finding of the Audit team here is clear; there was insufficient review of the status of the accounts through the period by the Board.

During interviews each interviewee was asked what their biggest concerns were, whilst there were some minor differences it was clear that there was a specific key item.

The most important item to stop was considered the critiquing by individuals or small groups of the Boards activities. It was very clear to see that it was having a very demoralising affect on the Trust Board team, which is not always clear to those with concerns they wished to get aired. The audit team considers this to be a major item to get resolved.

Recommendation: 14
Opening up formal communication channels

The audit team feels that a more formal method of communicating issues from members through the year to the Trust Board should be opened up. This will enable the Board to concentrate on issues that take a small effort by members to communicate to the Board. This would then allow the Board to be less concerned by some of the negative opinions stated in online forums, other media or direct to Board members. The Board would then invite the individuals or groups to a future board meeting to help them understand the issue and potential solutions. Where it was non contentious the Board could action immediately, where it is contentious, the Board could write a motion to the next AGM for agreement by the membership. Importantly the motion should be communicated at the earliest possible time, thus showing activity through the year. Action by the Secretary

Recommendation: 15

The key role of Treasurer should exist as an officer of the Board rather than an elected member. **Action by the Chair and Secretary**

Resourcing the activity of PST

We felt that the Board had delayed too long in taking steps to fill Board vacancies and this had delayed the progress of PST. We also recognized that more potential Board members might step forward if the role of a PST Board member was better understood.

Recommendation: 16 In the event of two elected vacancies occurring less than eight months since the last AGM the PST Board should consider if an election process should immediately be started. **Action by the Chair and Secretary**

Recommendation: 17 Seminar on role of PST and Directors to all interested parties before election nomination process explaining the role and time commitment required for Board members. **Action by the Chair and Secretary**

Engaging more volunteer resources

The speed of progress to implement the PST Strategy is dependent on the resource within the Board and the willingness of non Board members with expertise and enthusiasm to commit and volunteer to work with Board members on specific aspects of the strategy. We were told that on some activities volunteer drop out has been high. We felt that more could be done in this area if the subject knowledge, skills required, participation expectations and commitment were explained to the volunteers.

Recommendation: 18 One Board member should have overall responsibility for recruiting and engaging with volunteers against the skill set specified by the subgroup leaders. Actively recruit PST members to sub Committees based on subject knowledge and skill. Explain expectations and gain commitment to the subgroup objectives. **Action by the Chair**

Constitution.

Recommendation: 19 In the light of recent discussions about the Governance policy constitution and election rules a review should be carried out and amendments made to resolve any ambiguities and misinterpretation. Plain English is encouraged. **Action by the Secretary**

Membership meetings

Members attending open meetings have said meetings do not create a positive businesslike impression.

Recommendation: 20 Open meetings should be organized in accordance with good practice.

e.g. Apply sufficient resource to tasks, Start on time, facilities arranged and ready to go. Know when the next planned meeting will be held. If start delayed communicate to attendees.

Action by the Secretary

Performance Audit – Constitution paragraph 94

The work undertaken by the Audit work group was not a performance audit as defined by the constitution. To carry out a performance Audit would require a comprehensive set of quantified objectives with a timeline. These do not exist for the period under review. If the Board sets the strategy, The PST Objectives and individual roles and responsibilities with quantified objectives then a Performance Audit can be conducted.

Audit Workgroup CVs

Alan Cole ACMA, CGMA, MCMI, FdSc(Garden Design). ACIHort

Shareholder and Season ticket holder. Fan since 1949.

Non Executive Director – Portsmouth Hospitals NHS Trust since 2006

Deputy Chairman of Trust 2010 to date

Interim Chairman of Trust 2013/4

Chair of Audit Committee 2006-2012

Chair of Finance Committee 2012 to date

Greenhat Software Limited

Finance Director 2006 – 2012

IT Start up SOA Software Developer acquired by IBM

IBM United Kingdom Limited 1976 - 2005

Various Finance and Business management roles at UK, European and Global level

Early career experience in multiple Portsmouth Area businesses engaged in Water Supply, Engineering, Rubber processing and fabrication, Defence, Clocks and HVAC Manufacturing,

Hazel Hatton ACMA

Shareholder and Season ticket holder. Fan since 1992

- 1983 - 2012 Ministry of Defence
 - Various roles within the department
 - 22 years in a Finance role
 - Budget manager
 - Subject Matter Expert for Defence Trading Funds
 - Governance responsibilities
- 1982 - 1996 Royal Naval Reserve
 - New Entrants Trainer
 - Senior Rates Mess Treasurer
- 2003 - 2011 School Governor
 - Chair of Finance
- 1970 - 1972 Women's Royal Naval service
 - Writer
- 1967 - 1970 National Westminster Bank
 - Bank Clerk

Tim Gully BA, MA, PHD, CQSW, FIHE

Shareholder and season ticket holder

Third generation Pompey fan. I think I was taken to my first game in 1960.

2012 – present. Programme Co-ordinator and Senior Lecturer at the University of Chichester. Teach childcare law, child protection, professional and ethical practice, and risk management.

Previously at the University of Winchester and the University of Portsmouth

1997 – 2005. Hampshire County Council Social Services. Responsibilities included team management, child protection investigations and chairing child protection conferences.

2002 – 2014: Welfare consultant and trainer to British Army Welfare Service and Army Recovery Capability.

Mike Smith CEng SMIEEE

Season ticket holder

Portsmouth Fan since 1994

Principal Engineer – NATS 1990 - to date

Responsible for enterprise process definition and Engineering audit function, lead auditor qualified.

Responsible for system / service safety assessments

UK delegate to British Standards Institute

UK delegate to International Standards Organisation

Manages a team of team of 60 Quality and Safety experts

Air Traffic Control – Royal Air Force 1980 -1990

Audit Workgroup Terms of reference

Members:

Alan Cole, Hazel Hatton, Tim Gully and Mike Smith

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Guidance from the Board

The PST Board membership and conduct policy sets out in:

Section 3 Duties of the Society Board.

Section 6 Principles of Board Membership

Section 10 Confidentiality and Collective Responsibility

Interview and reporting arrangements

1. Interview arrangements

- a. Interviews to provide input to the report will only be scheduled with current and ex Board Members and Officers of the PST. (Interviewees)
- b. Participation by interviewees is entirely voluntary.
- c. Interviewees can terminate the interview at any point. Early termination will not be recorded as a completed interview or noted in the report without express permission.
- d. Completed interviews will be listed in the report.
- e. No comments will be attributed to an interviewee within the report unless expressly permitted by the interviewee.
- f. Records of individual interviews are to remain confidential.
- g. Interviewees may have a friend/colleague in attendance at any consultation/meeting. These attendees are bound by the same terms and conditions and policies that apply to the Audit Work Group members and cannot be another current or ex Board Member/ Officer of the PST.
- h. Location of consultation/meeting to be the choice of the interviewees. This must be within a reasonable travelling distance of Portsmouth.
- i. Subjects that will form the basis of the interview will be provided 5 days in advance of any consultation/meeting. This does not restrict the scope of the interview.
- j. Recording or other method of taking contemporaneous notes to be permitted by the interviewee.
- k. Each interview will be conducted by a maximum of two AWG members. An additional member may attend to observe and/or take notes.
- l. The Audit team is bound by the confidentiality clauses in the PST rules and also the Social media policy.

2. Reporting

- a. A draft report will be presented by the AWG to the PST Board for comment and approval. All changes will be subject to agreement of the AWG. Factual inaccuracies will be corrected. A timetable for approval will be agreed. Any formal response from the PST Board will be submitted to AWG within seven days of submission of the draft report. The objective is that the AWG and the PST Board will issue a final report that is acceptable to both bodies prior to the AGM (24th September 2015). The AWG will be available through the seven-day period to discuss amendments. In the event of disagreement a resolution meeting will be held attended by representatives of PST Board and the AWG to ensure a report is published for the AGM.
- b. Any information released by the AWG team into the public domain will be released with the prior knowledge of the PST Chair or their deputy.

Resources and Budget

Team members as listed above. Any expense incurred to be funded by Audit team members.

Governance

Alan Cole will lead the team and decisions will be made by consensus. The lead will decide in the event of 50/50 split on vote.

Timetable

Interviews to be conducted with PST Board members between 10th August and 7th September

A status report on progress will be provided to the PST August 31st Board meeting. (Submit written report paper)

A review of the team report by the PST Board will be held between the 12th and 19th September. (PST Board and Audit team present.)

Report to PST AGM 24th September.