**Present:** Brian Lawrie (Chair), Derek Bottom, David Caldwell, Cllr Lesley Backhouse

**Attending:** Kirsty Keay, Michelle Sweeney, Martina Kutzer-Prenzlow, and Diane White (for FCT) Kyle Hamilton (for Brewin Dolphin)

**Apologies:** Nic Beech, Heather Stuart, Eleanor Hodgson (for Fife Council)

It was agreed to take Item 4 - Annual Risk Review – Brewin Dolphin at the start of the meeting.

BL asked Kyle Hamilton of Brewin Dolphin to update the Group on the Annual Risk Review, current position of our investment and future projections. It was noted that the value had risen in recent weeks and now stood at £540,705, compared with £513,682 at 31 December per the Valuation Report. Kyle explained the risks involved and the decisions made by Brewin Dolphin during the year to date, particularly around equities. There was a discussion on future expectations largely around Brexit and international pressures. The Committee agreed to retain the current risk level of 5 rather than move to 6 as had previously been considered. Kyle regarded this as the appropriate risk level in terms of both achieving some capital growth and also an income return in the order of £15,000. BL thanked Kyle for coming to speak to the group and his frankness in answering questions.

1. **Welcome and Apologies for Absence.**

BL welcomed everyone to the meeting. The apologies were noted above.
2. **Declarations of Interest.**There were no declarations of interest.
3. **Minutes of the Previous Meeting and Action Points – 20th November 2018**The Minutes were accepted as an accurate record of the meeting

Action Points (reference per item)
4. 1. KK explained staffing cost issues and that the costs are being reviewed across the estate. Item per item margins can be brought to people if they want this.
5. 10.Ongoing – It was agreed that sending Management Accounts every 2-3 months would be acceptable going forward
6. 11. EH wasn’t able to attend the meeting so KK is chasing Fife Council for information on this

All other items were complete

Action Log – Audit

It was felt that it was helpful for everyone to have some evidence of some of these items. This is a big document but will grow smaller and more manageable as things are completed. The Auditors will be in for a planning session next week. The importance of Managers complying with the procedures etc. which have been put in place was discussed and it was agreed that this process has started already. There was some discussion around process mapping, which was in the very early stages at the moment. It was agreed that this should be recorded along with what percentage has been done. A change process was also needed. Anything complete from the action log should be removed. It was felt that the improved dialogue/relationship with FC is helpful. It was agreed to send the presentation from the Finance meeting on 11th February along with the minutes of this meeting.

**Action – Any process mapping to be recorded along with relevant metrics
Action – Completed items from the action log to be removed**

1. **Annual Risk Review – Brewin Dolphin**It was agreed that this had been covered earlier in the meeting
2. **Performance Report – Finance – Paper 1.**

Continuing the improved reporting to the Finance and Audit Subgroup this report was thought to be helpful. There have been no updates to the figures in the report since sending. Water charges, casual and agency staff show the highest costs. There was some discussion around this and the need to introduce controls for utilisation of casual staff. The allocation of library staff costs to the Trading Sub to be investigated and changed for future years. Regarding the overspend in Theatres, work is ongoing with the programming team and venue managers to run more commercially while meeting our charitable aims. A new software system for event management and ticketing was being looked into. Casual Staffing and how events are staffed is also being looked into and closely monitored. There was some discussion around the basis behind the allocation of the management fee across budget headings and it was felt that the only area of real benefit was for trading activities.
It was agreed that at the next Board Development Day there should be a 2 hour session on the Operational aspect of the business and how this impacts on Finance. KK reported that the recently agreed pay award should be picked up by FC and that due to accounting and HMRC requirements Gift aid would be claimed before 31st March, requiring a best estimate of the Trading Subsidiary surplus to be undertaken prior to the year end . The group were happy for this to happen. BL and KK agreed to discuss a communication to the trading sub regarding this.

**Action – A 2 hour session on the operational aspect of the business and how this impacts finance to be added to the agenda for the next Board Development Day
Action – BL and KK to discuss a communication to the Trading Sub regarding gift aid being claimed before 31st March**
3. **Performance Report – Organisation – Paper 2.**The importance of a strategic overview of the organisation was discussed and it was thought that this should be brought to the Board as apart from Finance and HR there is little opportunity for wider discussion of operational performance . Context behind some of the figures in future would be useful. If there was any update to museums graph, this should be added before sending to the board and added to the minute of this meeting. KK explained that some absence figures may be down to problems with people inputting to iTrent. She agreed to follow up with the HR team about this.

**Action – A strategic overview of the organisation to be brought to the Board
Action – Any update to the museums graph to be added before sending the performance report to the Board and updated in the minute of this meeting.
Action – KK to follow up with the HR team about possible problems with people inputting absence into iTrent**
4. **Risk Report** **– Paper 3**

The group agreed that as the pay award was to be picked up by FC this risk was reduced and that the Audit risk was reducing day by day. Mitigations are now in place and they can be managed. It was agreed that Capital Investment was still a risk. KK to look into this further. The Library Opening Hours Review would give a more stable budget for libraries. It was also agreed that the Finance Team Risk needs to be more significant on the Risk Report. The Corporate Risk Register would be reviewed annually

**Action – KK to look into the Capital Investment Risk further
Action – The Finance Team Risk to be made more significant on the Risk Register
Action – The Corporate Risk Register to be reviewed annually.**
5. **Budget**There was some discussion around Budget setting. Following on from meeting with Fife Council, a table was produced which pulled together the discussion. There had been no response from FC officers until they had been pressed for a response. The possibilities for savings were discussed. It was agreed that communication with relevant officers in FC was very important. The focus for the next F &A meeting would be the detail of the FCT budget. Fife Council budget was to be approved on 21 February and there were risks around the level of annual efficiency savings, carry forward of previous budget savings, spend to save and capital investment all of which could impact on future service provision as previously agreed by the Board. Information will go out to the committee when the budget was approved.

**Action – The focus of the next F&A Meeting to be on budget
Action – Budget Information to be sent to the committee once approved.**
6. **Chair’s Business**As agreed on 11th Feb meeting, there was no need to send management accounts monthly, but updates on progress were needed which included detailed progress, e.g. where we are up to on reconciliations, procedures, etc. It was agreed that managers to hold people accountable for not following processes and procedures. The Committee acknowledged the significant progress made on the finance side so far.
7. **AOCB**DC reported that he was giving a talk on Robinson Crusoe tomorrow at Kirkcaldy Galleries.

KK confirmed that 1-2-1s were in place for staff 4-6 weekly. There was some discussion around performance to ensure staff complied with procedures and took responsibility for financial performance.
8. **DONM** 21st May.