**Present:** Brian Lawrie, Chair (BL)

Derek Bottom (DB)

Councillor Lesley Backhouse (LB)

David Caldwell (DC)

**Attending:** Kirsty Keay, Director of Corporate and Commercial Development (KK)

Heather Stuart, CEO (HS)

Michelle Sweeney, Director of Creative Development and Delivery (MS)

Eleanor Hodgson, Fife Council Accountant (EH)

Nick Bennett, Scott-Moncrieff (NB)

Julie Aitchison, Note Taker (JA)

1. **Welcome and Apologies**

BL welcomed everyone to the meeting, there were no apologies.
2. **Declarations of Interest**

There were no declarations of interest.

1. **Minutes of the Meeting of 19th May 2019**

The minutes were accepted as an accurate record of the meeting.

1. **Matters Arising/Action Points**

|  |  |  |
| --- | --- | --- |
| Action Reference | Description | Status |
| 1 | FC In Kind Costs | Complete |
| 2 | Process Mapping | Ongoing |
| 3 | Board Development Day – Agenda | Complete |
| 4 | Strategic Overview | Complete |
| 5 | Capital Investment Risk | Ongoing |
| 6 | Budget Update | Ongoing |
| 7 | Review DCLG Budget | Complete |
| 8 | Letter from Brewin Dolphin | Complete |
| 9 | Budget: Updated and Reviewed by Committee | Ongoing |
| 10 | Add restricted funds to the budget | Complete |
| 11 | Budget: check all formulas/tables | Complete |
| 12 | Budget: Breakdown of debt write off | Complete |
| 13 | Improved clarity on allocation of Management Fee | Complete |
| 14 | Risk Register Update | Complete |
| 15 | Schedule of Questions  | Complete |

**Action** – AST Hub: Consider Board Member sitting on the joint stakeholder group

**Action** – Check FCT distribution list with Brewin Dolphin

**Action** – Resend Brewin Dolphin password to Board Members

**Action –** Understanding budget proportionality and management fee allocation workshop on agenda for next meeting

**Action –** Information to help explain budget proportionality and Management Fee allocation to be sent out in advance of next meeting

**Action –** Process Maps: Report for Committee that details the actions taken and processes and controls that have been put in place, tied back to the Finance presentation delivered to the Board in February 2019 and including recent statistics evidencing process failure rates to highlight the progress that has been made.

1. **Statutory Accounts and Audit – Paper 1**

NB provided an overview of the accounts thanking MKP and the finance team for the work involved in ensuring August targets were met. Further information and clarity was provided around the SOFA, actuarial assumptions around discount rates, mortality, etc., gift aid and unrestricted funds. There are currently some queries outstanding that will be addressed before the final accounts are provided. NB reminded the trustees that when reviewing the accounts they should consider if the Trust continues to be a going concern.

There was further discussion around the potential changes in financial reporting to make accounts more intelligible to Trustees to help improve understanding.

NB gave an overview of the Management Audit Report noting the assessment of risk of material misstatement, audit differences and going concern and subsequent events. There was further discussion around the action plan, internal audit and the appendix 4 commentary around the management fee and the impact of one off adjustments, this will be reworded. Once various points agreed management responses to be added in the Action Plan section of the Management Audit Report.

Committee members acknowledged that the report was clear; the results were good and asked for their thanks to be passed on to MKP and the finance team for their work over the last year.

NB provided confirmation around the letter of representation; one letter currently covers both the FCSTL and FCT accounts. The FCSTL accounts are to be signed before or at the same time as the FCT accounts and for future years two letters will be issued.

BL requested more information around the Eglinton Statue (7), the meaning of ‘financial statements may be materially misstated as a result of fraud’ (12) and the charity’s assets (25). MS and NB provided explanations.

BL suggested that any comments, question or requests for clarity be passed to him for collation by 25th August; answers and explanations will then be added and shared with the committee.

KK confirmed deadlines and potential delays to finalising of the accounts with NB.

**Action –** Audit Report: appendix 4, commentary regarding management fee to be reworded

**Action –** Comments, question or requests for clarity be passed to BL for collation by 25th August

**Action –** management responses to be completed in Management Audit Report

1. **Management Fee Update**

HS provided an update around the finance discussion at the joint trust CEO meeting and thanked EH for the sterling work she had put in around the analysis of spend to save initiatives. Confirmation has been received that there would be no further savings over the next 3 years. BL linked the 3 year management fee to providing assurance re the going concern discussion at item 5 above.

There was discussion around the political co-leaders 6 monthly meeting due to take place 26th August and the importance of gaining a formal agreed position from that meeting.

1. **Brewin Dolphin Investment Update – Paper 2**

BL gave an overview of the report and requested that the letter from Brewin Dolphin was circulated to committee members.

**Action –** Brewin Dolphin letter to be circulated to committee members.

1. **Performance Report – Papers 3 Finance and 4 Organisation**

KK introduced the Finance paper and advised that further analysis and strategic value would be added to the report. As a consequence, the financial performance was withdrawn and not discussed. Agreed that once updated the paper would be reissued.

KK provided an update on LOHR impact, payroll budget code review ahead of Oracle Cloud transition and staffing forecasts. The committee discussed the transition to Oracle Cloud and the features and benefits of this.

BL asked if there was adequate resource within the finance function to support the tidying up exercise that is planned across the Trust. KK confirmed current vacancies, the risk to the business due to being reliant on Fife Council’s financial systems and the restricted information currently available to managers.

DB suggested that a report that explained the challenges around people for the budget workshop would be helpful. There seems to be a lack of transparency around certain areas and it would be good to understand the pressures around resourcing, behaviours and accountability. MS suggested a future discussion around the resilience and capability of the service leads across the Trust, contextually it would be very important for the Board to understanding where some of the frustrations lie.

LB discussed the current absence levels, industry standards and services not being delivered due to this. KK advised that absence levels are continuing to be reviewed within the HR Committee.

**Action** – Further analysis and strategic value to be added to the Finance report and then re-issued.

**Action** – The reliance on Fife Council financial systems to be added to the risk register

**Action** – Report to be provided around resourcing, behaviours and accountability for the budget workshop

1. **Risk Register – Paper 5**

KK advised of the change to the format of the report to reflect the timelines involved and progress made. An outline was provided of the current highest risks areas and the Committee were asked for questions relating to new risks.

BL asked for the risk score on item 4 to be updated and commented that he liked the new format and felt that seeing the target was a beneficial addition.

**Action** – Risk score on item 4 to be updated

1. **Chair’s Business**

There was no Chair’s Business

1. **AOCB**

DB noted that the annual report provided with the accounts was great and reading the narrative it was of real value painting a picture of what we have been doing and gave a real sense of community engagement across the whole of Fife. It was suggested that this narrative may be a good starting point for the Board Development Day.

LB noted an error in the venue for Giovani.

**Action** – Annual Report commentary to be shared with Board Members during the board Development Day

**Action** – Annual Report to be reviewed for errors - venue for Giovani

**Date of Next Meeting: 12th November 2019**