

Via Teams

Present Attendees	Apologies	Also Distributed To:
Sharon Heath (SH) V Paul Muir (PM) - V Carly Jones (CJ) - V Jane Kracke (JK) -V up to item 11 Hazell Thorogood (HT) V up to item 11 *V=Virtual IP=In person	Chair Board Chair Chief Executive Chief Operating Officer Office Manager	Board

Meeting Minutes

No.	Item Topic
1.	Apologies - No Apologies
2.	Declarations of interest - JK, CJ, HT as members of staff.
3	<p>Minutes of Last meeting 17.01.23- agreed as a true record.</p> <p>Annual Leave Purchase: All staff were awarded an extra day of leave as part of the 21-22 pay award, and so the annual leave purchase scheme review has been postponed as no longer an immediate priority.</p> <p>Bank Review: JK to start the process of reviewing if we should remain fully with CAF bank or spread funds across other financial institutions.</p>
4	<p>2022-23 Budget - Q4 Update</p> <p>JK shared the figures for the 22-23 budget however these may be subject to slight adjustment.</p> <p><u>Key points:</u></p> <ul style="list-style-type: none"> • We have secured slightly more Local Partner funding than we included in the budget • We have received significant additional restricted funding compared to the budget, including £75,000 additional Together Fund funding (Sport England), £30,000 Opening School Facilities, £15,000 Gen22 and £7,700 Virtual Schools • We have significant underspends in: <ul style="list-style-type: none"> ○ Staffing Costs - we currently have two vacant posts, and travel costs have been significantly less than expected ○ Delivery - several pieces of work were not actioned ○ Contingency - An allocation of funding was put here when the budget was set. The aim was to support the sustainability of community organisations, but this has been put on hold pending the strategy review. <p>SH confirmed she is satisfied with the 22-23 budget and any differences from the original forecast.</p>

23-24 Budget

- The budget for 2023-24 has been compiled. This may be amended once the final carry forwards from 2023-24 are confirmed. There have been some changes to cost centres as detailed in the enclosure. This will provide a better reflection on what funds are being spent in relation to each strategic area / individual projects.
- The following amendments have been made to the layout compared to 2022-23:
 - Three cost centres have been set up to reflect our three Strategic Objectives (Health and Wellbeing, Social Inclusion, Powerful Communities) and staff have been apportioned across all cost centres based on how they spend their time. This includes apportioning back office costs
 - Communications has been given a separate cost centre
 - Governance Costs have been separated out so they can be clearly identified
 - Budgets for specific projects will be set, including apportioning staff and allocating a proportion of back office costs. This will ensure that wherever possible projects are operating on a full cost recovery model, and if this is not possible we will be able to assess size of the subsidy required and whether this is proportionate to the priority and expected impact of the work.

The committee discussed the graph provided showing the difference between actual income / expenditure in 2021-22 and 2022-23, against budgeted income / expenditure in 2023-34 and agreed it was a helpful format.

Income - Key Points:

- Sport England funding has reduced year on year due to significant Tackling Inequalities / Together Fund / B2022 funding received in 2021-22 (to pass on as grants to community Committees). This reduced in 2022-23 and we are not expecting any similar funding in 2023-24.
- We received significant other restricted funding in 2022-23 (Gen22, Virtual Schools, See My Voice), which we expect to be a one-off.
- Local Partner Funding is predicted to decrease in 2023-24

Expenditure - Key Points:

- Salaries and On Costs will increase slightly year on year due to annual pay awards
- Professional Fees and Insurances is budgeted to increase significantly in 2023-24 as we will be using consultants to support us with Insight.
- IT has increased for 2023-24 as we are now including our websites in this as Marketing and Communications is now a separate cost centre rather than a nominal code within our Core cost centre.
- Projects and Programmes has decreased year on year mainly due to the reduction in funding from Sport England to pass on as grants to community Committees. For 2023-24 we have only included projects and programmes which are confirmed, plus £30,000 for pilot project work

An Assumptions Document has been produced (Enclosure 6) stating the various assumptions made in setting the annual budget and five-year forecast.

98% of the grants received have been passed back to the community.

The committee noted we need to explore diversifying the organisations income and

	<p>income opportunities, which will assist in spreading the risk and support us in moving away from one large funder.</p> <p>The committee noted its thanks to JK for her work around creating the new cost centre format.</p>
6	<p>Long Term Forecast</p> <ul style="list-style-type: none"> • The 5-Year Financial Forecast has been updated to include the following changes: <ul style="list-style-type: none"> ○ 2022-23 figures amended to show actual spend during 2022-23 and carry forward into 2023-24 ○ 2023-24 figures amended to mirror detailed annual budget (as above) ○ We will continue to operate with an in-year deficit each year <p>At present the forecast shows that by 31.03.27 we will hold no restricted funding and c£335,450 of Unrestricted Funds (Free), as well as being able to meet our liabilities.</p>
7	<p>Audit – Fraud Risk Assessment</p> <p>Board / Trustee response: the Chair and Trustees compiled the below response to the questions posed for the 22-23 Audit.</p> <p><i>What in your view are the risks of fraud in the entity? Both misappropriation of assets and fraud relating to financial reporting?</i></p> <ul style="list-style-type: none"> - Low risk – due to the process behind the authorisation of payments (Purchase orders, invoices, authorisation of each transaction and dual CAF Bank authorisation). - We hold an asset register with a check every 6 months - Financial reports not only go to the finance committee but also to Board. - We are in the process of developing a Scheme of Delegation. The Finance Policy is already in place. <p><i>What are the general risks of fraud in this business sector, and how does this entity mitigate them?</i></p> <ul style="list-style-type: none"> - Cybersecurity is one of the more prominent risks, mitigated by antivirus and training. - Payments of grants to new organisations. We ensure a due diligence process is carried out, funding agreements are in place requesting the organisation store receipts to be provided on request. <p><i>How do you monitor and review management’s process for identifying and responding to the risks of fraud in the entity?</i></p> <ul style="list-style-type: none"> - A discussion is held at each Finance and Audit Committee, incorporating a including a quarterly risk register review followed by reports to the Board. <p><i>To what extent do you understand the controls management has put in place to mitigate those risks?</i></p> <ul style="list-style-type: none"> - Trustees are confident internal controls are in place. The scale and amounts to partnership relationships etc are appropriate for the level of operations. The Chair of the Finance and Audit Committee and the Chief Operating Officer meet prior to each Committee which provides assurance for SH on the controls. <p><i>Has there been any actual or suspected fraud during the year?</i></p>

	<ul style="list-style-type: none"> - No <p><i>Have there been any allegations of fraud?</i></p> <ul style="list-style-type: none"> - No <p>Any allegations or suspected fraud would be flagged to the Finance and Audit Committee immediately and potentially the Board. The Committee noted we also have a designated whistleblowing lead in Trustee Derek Peters.</p> <p>The committee discussed developing a scheme of delegation for the Board. This is in place for the staff team in the form of the authorised signatory list.</p> <p>Action 1: JK to send the above response to SH to sign off for the auditors.</p>
8	<p>Risk Register</p> <ul style="list-style-type: none"> - No risk scores have been amended for quarter 4. - A heat map has also now been implemented which is the view that will be shared with the Board (however the full risk register is also available should more detail be needed). - The Committee agreed the new format is clear and works well.
9	<p>Funding Partner Update</p> <ul style="list-style-type: none"> - We are now aware of what we will receive for 22-23. Funding was received from all of our existing partners and 2 Universities totaling £53500. This will be classed as restricted funding in future. - Partners would like Together Active to work to more specific outcomes and it's likely we won't receive the same funding moving forward. The amount of partner funding is very likely to reduce in 23-24 and/or originate from a different department / strategic area.
10	<p>FAC Effectiveness Self-Assessment Tool</p> <p>Tier Three requires the Finance and Audit Committee to complete an annual Self-Assessment. An updated version of the previous self assessment was circulated to Committee members. Whilst overall the feedback was that the Committee is 'Acceptable', and occasionally 'Excelling' in most areas, the following criteria were identified as areas for improvement:</p> <ul style="list-style-type: none"> ○ The Committee has a minimum of five members, at least three of whom including the Chair are Trustees, with the Chair having recent and relevant financial experience (as per the Terms of Reference) ○ Committee members have a clear understanding of their terms of appointment, including expectations, how individual performance will be appraised, the duration of appointment, training required and how this will be provided ○ The organisation's cyber risk management is regularly reviewed and the appropriateness of the organisation's risk mitigation strategies is considered ○ A nominated Trustee has overall responsibility for whistleblowing arrangements within the organisation, and that whistleblowing practices are appropriate and effective ● The following suggestions were made to help address the above <ul style="list-style-type: none"> ○ Financial Training for those on the Committee who aren't from a financial background ○ Standardised induction for future Committee members ○ Start to look at risk tolerance as well as risk management <p>PM suggested looking at a risk assessment / appetite tool, and noted that we face more than just financial risk as an organisation. This could be discussed at a team /</p>

	<p>Board session.</p> <p>SH suggested it may be useful for the Chair of each committee to meet, and that it may not be that Trustees need formal training on finance, rather a briefing session with SH on the financial specifics for Together Active may be more useful.</p> <p>Any new committee members needs to be confident enough with the figures to question where needed, to make the process more robust.</p> <p>We are not actively advertising for new members for the Finance and Audit Committee however the vacancies will be addressed through the Board development plan.</p>
11	<p>JK noted that our pension is with Aviva and we need to ensure we have authorised signatories in place. Suggested signatories: CJ / JK /PM / SH.</p> <p>This will be sent to the next Board meeting for sign off.</p>
12	Closed Discussion
13	<p>Dates of Next Meetings Tuesday 11th July 2023 Tuesday 10th October 2023</p>

Actions	Owner	Date
CF JK to review at where we might be able to spread the organisations funds to avoid holding all funds in one account. JK will create a plan to prioritise a review of this.	JK	20.10.23
Action 1: JK to send the Trustees response to SH to sign off for the auditors	SH	11.07.23

Item	Decisions
1.	
2.	
3.	

Prepared By	Date	Checked By	File Code
Hazell Thorogood	06.04.23	Sharon Heath	Finance Audit Committee Minutes 06.04.23