

London FA	Minutes of the London FA Audit & Risk Committee
Date:	29 October 2018
Venue and time:	National Audit Office, 6pm
Attendance	Ali Morgan (Chair), Simon Hughes, Paul Bickerton, Neil Twitchett
Apologies:	Kirstin Furber, George Dorling
	Note that both George and Kirstin reviewed the circulated papers and fed back to the group prior to the meeting. Their views were discussed and considered when making decisions.

Item	Area and Discussion	Action
1	Head of Finance & Operations	
1.1	PB informed the Committee that the recent financial review had uncovered a number of inconsistencies with the original 2018-19 budget approved by Board in May 2018. A number of budget lines had not calculated through to the cover sheet, distorting the deficit figure, and this called into question the affordability of the Head of Finances & Operations role.	
1.2	A re-profiled budget and a document highlighting where significant savings could be made was circulated prior to the meeting. This was debated with Committee to determine whether we should still proceed with the role. With the suggested savings and the addition of this role, the deficit at the end of the year would stand at £51,756	
1.3	PB confirmed that LFA wage bill currently was low in comparison to other CFAs. With this additional role the wage bill would go up to 48% of overall turnover, and the average for CFAs is 55%. Any wage bill over 60% of turnover raises concerns with the FA. It is also common practice for CFAs to have a specific finance role as part of their team	
1.4	The Committee also took into account both George and Kirstin's feedback on the papers, working through each point in turn. It was agreed that for prudence, the proposed savings should be reviewed against last year's costs so that we can be confident that they are realistic.	ACTION – NT to review proposed savings against previous year's costs by 09 Nov 2018 and report back to Chair
1.5	Particular concerns were the seniority of the role and the risk of adding a long term, fixed cost to the staffing wage bill. A further concern was whether we would be able to recruit an individual with the required experience at what is a relatively low salary for this type of position.	

<p>1.6</p> <p>1.7</p> <p>1.8</p> <p>1.9</p>	<p>It was agreed that specific financial expertise was urgently needed and the business case for bringing in this new role was robust, given the current capacity of the CEO and Head of Delivery. To mitigate against the financial risks, it was agreed that the CEO should advertise this role as part-time and on a fixed term contract (between 12 to 18 months). This would also allow the appointment of a higher calibre candidate, as these flexible arrangements are common for this type of role and more likely to attract experienced individuals.</p> <p>It was also agreed that the role would be re-framed as a Finance & Operations Manager, rather than a member of the Senior Management Team. The role profile will not state that public sector experience is essential.</p> <p>PB confirmed that the KPMG contract could be renegotiated or cancelled with 30 days' notice at any time and it was not an FA requirement. A requirement of the role would be to immediately review that contract.</p> <p>DECISION (in principle): CEO to proceed with appointment of a Finance & Operations Manager, with the role advertised on a part-time basis and for a fixed period of 12 to 18 months. Both AM and SH in agreement but decision is subject to ratification from at least one of the absent committee members.</p>	<p>ACTION – PB to revise the role profile and send to Committee Chair by 9 November</p> <p>ACTION – AM to contact other members to outline proposal and seek confirmation of decision by 9 November.</p>
<p>2</p> <p>2.1</p> <p>2.2</p> <p>2.3</p>	<p>Accounts & Financial Performance (variance analysis)</p> <p>An overview of the current position against last year's accounts and also a budget variance analysis were circulated to the Committee prior to the meeting. PB & NT took the Committee through this information.</p> <p>A concern was raised regarding KPMG's responsiveness to LFA concerns, in particular the missing of a number of key deadlines. This has affected the production of the annual accounts for 2017/18 and also the production of an accurate budget variance analysis report.</p> <p>It was agreed that the budget variance analysis report format was helpful but that it was work in progress and not yet entirely accurate. The current state of the analysis underlined the need for dedicated finance capability to ensure analysis that meets LFA requirements is produced.</p>	<p>ACTION: PB & AM to raise concerns with senior staff at KPMG by 9 November</p> <p>ACTION: NT to work with KPMG and internal LFA staff to finalise Q1 variance report by 19 November</p>

<p>3</p> <p>3.1</p>	<p>Risk Register</p> <p>The risk register was reviewed and it was agreed that PB would revise this based on Kirstin and George's comments and re-circulate to the Committee.</p>	<p>ACTION: PB to revise risk register and re-circulate to the Committee prior to next meeting</p>
<p>4</p> <p>4.1</p> <p>4.2</p>	<p>AOB & Date of Next Meeting</p> <p>It was agreed that the auditors would be invited to the next Audit & Risk Committee Meeting to talk through the end of year accounts</p> <p>Next meeting TBC</p>	