



Agenda Item 5.1 MINUTE

**Meeting of the Audit and Risk Committee
held on 29 June 2023 at 2.00pm hybrid meeting conducted in office and online via Zoom**

In Attendance: Margaret Vass (acting Chair)
Fiona Boath
Mark Griffiths
Kenneth Butler (by Zoom)
Susan Macmillan
Howard Dales (by Zoom)

Staff in Attendance: Donna Birrell – Chief Executive Officer (CEO)
Gerry Casey – Depute CEO / Director of Finance & Corporate Services (DCEO/DFCS)
Craig Wood – Director of Housing and Property Services (DHPS)

Also in Attendance: Phil Morrice – Alexander Sloan – External Audit – Item 3 only (AS)
Nicola Hutchison – Alexander Sloan – External Audit – Item 3 only (AS)
Susan Brook - Wylie & Bisset – Internal Audit –Item 4 only (WB)

Item		Action
1.	<p>Introduction and Apologies The meeting started at 2:10pm</p> <p>M Vass welcomed everyone to the meeting as acting Chair. Margaret advised that as Fiona is currently acting Chair of the Board, it would not be appropriate for her to Chair the meeting.</p> <p>No Apologies were received.</p>	
2.	<p>Declarations of Interest</p> <p>There were no declarations of interests.</p>	
3	<p><i>Due to technical issues being experienced by Alexander Sloan the Chair proposed that Item 4 on the Agenda be taken before Item 3. This was agreed.</i></p> <p>Internal Audit Report <i>S Brook joined the meeting</i></p>	
3.1	<p>Review of Internal Audit Function 2020-23</p>	

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	<p>Susan Brook, of Wylie & Bisset, joined the meeting and presented the audit report of the Budget Setting process. The report highlighted the overall scoring of "Strong Assurance" with 3 low level recommendations for improvement.</p> <p>WB presented the Annual Report on the internal audits. The report highlighted:</p> <ul style="list-style-type: none"> • In their opinion the Association had adequate and effective risk management, control and governance processes. • All relevant KPI's were achieved in the internal audit process. • Wylie & Bisset's external assessment in 2021 confirming they are complying with Internal Auditing Standards. <p>The Committee raised the following comments / queries:</p> <ul style="list-style-type: none"> • It was asked if the current management accounts format could be amended to incorporate the Budget reporting recommendation with the report. The DCEO/DFCS responded that a mix of amending the current reports and new reports for internal operational use would be reviewed to ensure the correct level of information is being provided. • The frequency of quarterly reporting on budget performance was raised and whether this was adequate. The DCEO/DFCS responded that some areas for internal operational management would benefit from monthly reporting, which is an area that will be looked at. <p>Staff members left the meeting to allow the Committee to have a private discussion with the Auditors.</p> <p>The internal auditor confirmed that they had no issues to raise with the committee and they were receiving information on time. They were also comfortable with the timescales for responding to actions from previous audits when they are low risk.</p> <p>Staff members re-joined the meeting.</p> <p>The Committee:</p> <ul style="list-style-type: none"> ❖ Approved the contents of the reports. <p style="text-align: right;"><i>S Brook left the meeting</i></p>	DCEO/DFCS
4.	<p>External Audit Report</p> <p style="text-align: right;"><i>P Morrice and N Hutchison joined the meeting</i></p>	
4.1	<p>Annual Financial Statements, Audit Summary Report and Letter of Representation</p> <p>Phil Morrice and Nicola Hutchison joined the meeting from Alexander Sloan and presented the Financial Statements, Audit Summary Report and Letter of Representation for 2022-23.</p>	

AS advised that there were no significant changes in the Financial Statements format from last year. Key points highlighted were:

- Key roles and responsibilities for the Management Board and Auditors
- Audit opinion was unqualified stating the Financial Statement gave a "true and fair view" of the financial position.
- The SHR required statement is included on page 8.
- The Financial Statements are showing a surplus and the Association is liquid.

The Audit Summary Report was presented and highlighted the findings and recommendation from the audit process. The report included 5 recommendations for improving internal controls. These did not impact on the audit opinion. The management responses indicated the actions that would be taken in relation to the recommendations to improve internal controls. The report also confirmed AS's continuing independence. The main audit risks considered were also reported on and satisfactory assurance was present for managing these risks.

The letter of representation was presented.

The Committee raised the following comments / queries:

- The split of the depreciation charge between Social Housing and Shared Ownership in Note 3 was queried. It was agreed to modify the split to correct the figures.
- The new component category for the Ground Source Heat pump useful life was queried as this was different from existing Heating Components. It was noted that as new technology the life expectancy of 20 years was different from previous technology and categories. Monitoring of the components will be undertaken to ensure that the life expectancy is accurate and adjusted as more knowledge is gained on the new technology.
- The inclusion of assurances on the split of the development costs for the Meadows, Kippen, development using estimates was queried as a non-standard item in the Letter of Representation. It was noted that the Completion Certificate and final QS report has not been received due to works in relation to the road surfacing not being complete. In the absence of the QS report estimates based on the last development, Clais, were used to incorporate reasonable estimates to split the figure for the Financial Statements. It was agreed that once the QS report is received the split will be reviewed to ensure that there are no significant differences.
- Three of the recommendations in the Audit Summary Report related to the recording of Component accounting costs. It was noted that the DCEO/DFCS was going to make changes to spreadsheets used to improve the recording. A Committee member offered to share an example spreadsheet for this purpose. The offer was accepted by the

DCEO/DFCS
& AS

DCEO/DFCS

	<p>DCEO/DFCS to see what ideas can be obtained from it to assist in updating the recording process. The DCEO/DFCS will also investigate the options within the SDM system for recording the information.</p> <p>Staff members left the meeting to allow the Committee to have a private discussion with the Auditors.</p> <p>The auditors confirmed to the Committee that they had full cooperation from the RSHA team and they were amazing. They also confirmed they had nothing to raise with Committee and reminded the Committee that the component accounting sheet needs a little attention.</p> <p>Staff members re-joined the meeting.</p> <p>The Committee:</p> <ul style="list-style-type: none"> ❖ Agreed to recommend the Financial Statement, subject to a change to Note 3, to the Management Board for approval. ❖ Noted the contents of the Audit Summary Report and the recommendations on internal controls. ❖ Agreed the wording of the Letter of Representation to recommend to the Management Board for approval. ❖ Committee expressed their thanks to AS and the staff for their hard work in completing the audit. <p style="text-align: right;"><i>P Morrice and N Hutchison left the meeting</i></p>	<p>DCEO/DFCS</p> <p>DCEO/DFCS & HD</p>
5.	Minutes of Previous Meetings	
5.1	<p>Minute of Audit and Risk Committee Meeting – 27 April 2023</p> <p>The Minute was approved by Mark Griffiths and seconded by Fiona Boath.</p>	
6.	<p>Matters Arising Schedule</p> <p>The schedule was presented to the Committee.</p> <p>The Committee raised the following comments / queries:</p> <ul style="list-style-type: none"> • The Committee were happy the update covered all the outstanding points. <p>The Committee</p> <ul style="list-style-type: none"> ❖ Approved the Matters Arising Schedule. 	
7.	Health and Safety	
7.1	<p>Health & Safety Exception Report</p> <p>No matters to report.</p>	
7.2	Health & Safety Update	

	<p>The DCEO/DFCS presented the report which highlighted the following:</p> <ul style="list-style-type: none"> - Updates on Health and Safety related issues - Updated action plans - Health and Safety training for staff <p>The Committee:</p> <ul style="list-style-type: none"> ❖ Noted and approved the content of the report and the supporting documents. ❖ Noted that there have been no health & safety incidents 	
7.3	<p>Landlord H&S Audit – EVH Landlord Audit Report</p> <p>The DHPS presented the EVH Landlord Audit Report conducted by ACS and highlighted that the outcome has improved since the last audit. The DHPS viewed the report as very good compared to good the previous time.</p> <p>The Committee:</p> <ul style="list-style-type: none"> ❖ Noted and approved the content of the report and the supporting documents. ❖ Noted the 8 areas recommended for review in the audit report and the action plan to address these. 	
7.4	<p>Health & Safety Competency Framework and Training Needs Analysis (TNA): Annual Review</p> <p>The CEO presented the report updating on the Health & Safety Competency Framework and Training Needs Analysis for staff. The TNA now includes training for the play area to be handed over as part of the Clais development.</p> <p>The Committee raised the following comments / queries:</p> <ul style="list-style-type: none"> • Would Stirling Council adopt the play park? It was noted that they had been approached but would not take on the play park. In future planning applications play parks will not be included unless they will be adopted by the Local Authority. • It was suggested to get local community groups or volunteers involved in the management and upkeep of the play parks. • It was also noted Play Scotland were a good resource for information and support on play areas. <p>The Committee:</p> <ul style="list-style-type: none"> ❖ Noted the contents of the report. 	<p>DHPS</p> <p>DHPS</p>
8.	RSG Key Risks	
8.1	<p>Risk Exception Report</p> <p>No reports.</p>	

9.	Resources Update Confidential	
9.1	Confidential Board and Staffing Update including Board Development Plan ❖ Confidential Report removed.	
9.2	Investors in People (IIP) Following a meeting between Lorna Moffat (IIP), the CEO and DCEO/DFCS an updated report from IIP on the progress was prepared and presented to the Committee. The Committee: ❖ Noted the contents of the report.	
10.	Governance	
10.1	Record of Electronic Approvals There had been no electronic approvals since the last meeting.	
10.2	Annual Review of A&R Committee Performance The Annual Review of the Audit & Risk Committee Performance was presented to the Committee. The Committee raised the following comments / queries: <ul style="list-style-type: none"> • Noted the comment in the 360-degree feedback on the period of the performance review and that a longer period may be better. • Noted that the review period may be set in the Association’s Rules and this would require to be checked prior to any changes to the review period. The Committee: ❖ Approved the contents of the report and supporting documents amending Appendix 1 to recognise the A&R Committee met with both the Internal and External Auditors in private without staff present at this meeting.	CEO
11.	Action Tracker The updated Action Tracker was presented to the Committee. The Committee: ❖ Approved the Action Tracker	

<p>12.</p>	<p>Any Other Competent Business</p> <ul style="list-style-type: none"> • Fiona Boath advised that she had volunteered to lead a review of the Board Papers and their format to see if improvement can be made and will compare them against best practice. Volunteers are being sought to form a short life working group to undertake the work. • Mark Griffiths noted that Fiona Boath would be coming to the end of her term as Chair of the Audit & Risk Committee and requested that members of the committee consider taking on the role for the new Board Year commencing after the AGM. 	
<p>13.</p>	<p>Date of next meeting</p> <p>Audit and Risk Committee: Thursday, 9 November 2023 at 2.00 p.m., via Zoom (TBC)</p>	

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