AUDIT COMMITTEE MEETING

19th June 2024

MINUTE

Present: **A Clark (Chair), W Raeburn, R Elliott, and L Fordyce**

In Attendance: **C Ironside, K Miller, (staff)**
F Hurrell (Minutes)

M Ritchie (TIAA - Auditors)
J Alexander (Azets - External Auditors)

The meetings started at 5pm and was a hybrid meeting. L Fordyce, M Ritchie and J Alexander attended virtually.

ACTION

1. Apologies for Absence

None

2. Declarations of Interest

L Fordyce: Employee of Warmworks

Agenda Item 11 was discussed first whilst M Ritchie was available to attend the meeting.

Items for Noting

11. Internal Audit – Outstanding Actions Tracker

K Miller explained the priority coding has now been added to this report as requested by L Fordyce.

i) Internal Audit – Governance

M Ritchie presented the first report of the financial year, the outcome of which shows a strong bank of evidence to support a comprehensive and robust audit of Governance in line with the Regulatory Standards. It was noted that it is rare that companies achieve this.

ii) Internal Audit – Performance Development Reviews

M Ritchie gave very positive feedback with substantial assurance on the audit of performance development reviews. There was one minor recommendation where not all compliance forms were fully completed and it was noted that line managers should push for full completion of these forms going forwards.

The outstanding action that sits with C Ironside has now been completed.

iii) Internal Audit – Cyber Security

K Miller spoke to the covering report regarding the timing of the audit given the changes in our ICT plans for the coming year. The Board noted that work has commenced on the cyber security accreditation and we are working with guidance from another housing association. Board members were assured that we are cyber secure, but we need to complete the necessary paperwork to prove this to obtain accreditation We expect to achieve this by August / September 2024.

The Board have found the internal audit report a useful indication of the position of the organisation.

It was proposed that the Audit Committee and the Board receive some in-house training on cyber security.

M Ritchie left the meeting and the meeting agenda was resumed.

3. Minutes of Audit Committee Meeting 1 May 2024

The minutes of the meeting held on 1 May 2024 were approved as a true record.

Proposed by R Elliot, and seconded by W Raeburn

4. Matters Arising

None

5. Committee Actions

Noted

Items For Approval

6. Audited Accounts to 31 March 2024

J Alexander reported that the accounts submitted were accurate and no adjustments to the figures were required. Azets have included a clean audit report.

The usual potential adjustment regarding the reporting of estimated bad debt has been included in the Audit Findings report.

J Alexander also drew our attention to the following changes in the disclosure notes:

1. Standard wording has been amended with regards to automatically reappoint the auditor as it was noted that MEHA would be going out to tender before the AGM.
2. Updated guidance for Pension liability has been included under the Contingent Liability Note 22 (iv).

Committee Members noted that there were a couple of errors with regards to dates that required correction. These have been rectified in the version included in the Board report.

Proposed W Raeburn, and seconded R Elliot.

7. Audit Findings Report for the Year ended 31 March 2024

The Auditors have assessed the significant areas of risk and found no material uncertainties related to the financial reports.

Proposed W Raeburn, and seconded R Elliot.

8. Letter of Representation 2024

The Chair recommended that the Company Secretary should sign the Letter of Representation. The letter will need to be updated to reflect this. **KM**

Proposed W Raeburn, Seconded L Fordyce

Agenda Item 12 was discussed at this point whilst J Alexander was in the meeting.

12. AOCB

(i) The staff of Manor Estates left the meeting to give the Committee the opportunity to meet with external auditors without staff present.

J Alexander left the meeting and the agenda order was resumed.

9. Activity Analysis

K Miller presented the report to the Committee and highlighted the cost of running the subsidiary company this year. This differs from previous years where a contribution was made. In the main this was due to the allocation of loan interest and the increase in interest rates as explained in the report. There is no action to be taken at present but it may require investigation next year.

K Miller to check whether the amortised HAG (Housing Association Grant) has been included in the income line **KM**

The Committee members requested that the effect of the refinancing on the activity analysis be reviewed. K Miller reminded members that this report is provided on a 6 monthly basis. **KM**

Proposed L Fordyce, and seconded W Raeburn.

10. Loan Portfolio Return

K Miller presented the Loan Portfolio Return report for the period of 2023-24 detailing what is outstanding and the covenants. Following advice from the Regulator we plan to provide details of the repayment date which we expect to implement i.e. 2025 instead of 2027. It was agreed that further detail on the dates of the refinancing be included in the comments section of the return. **KM**

Proposed W Raeburn, seconded R Elliot

Agenda Item 11 was discussed at the start of the meeting.

12. AOCB *continued*

ii) It was noted that when the contract was extended by a year last year, it had been agreed that we would go out to tender in 2024. The Committee decided to delay the tender process for a further year in light of other planned finance projects, subject to C Ironside carrying out the due diligence. C Ironside to email out the result to members. If we extend the contract by a year we would need to make it mandatory that we go to tender next year. The accounts would also need to be changed to reflect this. **KM**

iii) The members were informed that A Berwick from ATFS has disclosed a reduction in his working hours from mid-July. He will however continue to be our contact and attend Board when necessary.

Date and Time of Next Meeting: Thursday 9th October 2024 at 5.00 pm

The meeting closed at 18.50