AUDIT COMMITTEE MEETING

1 May 2024

MINUTE

Present:	**A Clark; W Raeburn (virtually), R Elliott, and L Fordyce**
In Attendance:	**C Ironside, K Miller, A Hay, (staff Manor Estates)** **F Hurrell (Minutes)** **Martin Ritchie (TIAA - Auditors)**
Apologies:	**None**

The meetings started at 5pm and was a hybrid meeting. W Raeburn attended virtually.

1. **Apologies for Absence**
   None

2. **Declarations of Interest**

   L Fordyce: Employee of Warmworks

3. **Minutes of Audit Committee Meeting of 20 February 2024**

   The minutes of the meeting held on 20 February 2024 were approved as a true record.

   Proposed by R Elliot and seconded by L Fordyce

4. **Matters Arising**

   None

5. Committee Actions

Noted

Items For Approval

6. Draft Management Accounts to 31 March 2024

K Miller presented the Draft Management Account to the Committee for the period of 12 months from 1 April 2023 to 31 March 2024 and the following points were noted:

- Reactive Maintenance costs are over budget;
- The budgeted office depreciation was based on the cost being written off over 50 years instead of 25 years (which it should have been);
- Staff costs are down but agency fees are higher than budget
- Some further minor amendments have been made to the accounts as the audit preparation has progressed.
- A Clark requested that the RCF balance be noted on the Management Accounts in future.
    - **Action Point: K Miller**

K Miller highlighted to the Committee that the virtual audit is set to start on Tuesday the 7th of May for two weeks.

K Miller recommended that the Committee approve the draft accounts including the minor changes outlined.

W Raeburn raised a question regarding the significant difference between the actual creditors balance and the budget. K Miller explained that there had been a clerical error with Santander where they had requested a double loan repayment. As a result, we were invoiced for the loan repayment at the end of the March (thereby included in the creditors figures as at 31.03.24) and the invoice amount was paid a week later. Assurance was sought from Santander that there has not been a breach of covenant as a result of this.

R Elliot commented that the budget for training has not been utilised. C Ironside explained that many employees have now finished formal qualifications and so there are fewer courses being invoiced for. There have also been a number of internal training session where there has been no cost, or the cost has been shared with other associations. C Ironside assured the Committee that the reduction in this expenditure does not indicate that staff training has decreased.

Proposed W Raeburn, seconded L Fordyce

Items For Noting

7. Internal Audit Reports:

i. Internal Audit Action Tracker

K Miller presented the Internal Audit Action Tracker which categorises action points by priority. K Miller will add an explanatory note to this report going forwards.

Action Point: K Miller

The Committee discussed the ongoing relevance of Environmental and Sustainable Governance ESG within the Association. M Ritchie confirmed that this theme is still considered very important within the industry.

ii. Internal Audit – Investment Programme

M Ritchie presented the Assurance Review on the Investment Programme stating two recommendations were brought to the attention of the Committee, one categorised as important and one as routine. No urgent flags were raised. He confirmed that in the audit testing sample all component lifecycles had been updated in the stock condition database. M Ritchie concluded that the audit outcome was on the upper end of reasonable assurance.

iii. Internal Audit – Follow up

Noted

iv. Internal Audit – Summary for 2023-24

TIAA is satisfied that, for the areas reviewed during the year, Manor Estates Housing Association has reasonable and effective risk management, control and governance processes in place.

There was one area reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited assurance.' This related to Cyber Security. The draft Cyber Security Report hasn't been finalised yet, but this does not impact the overall rating of achieving 'reasonable risk management strategy'.

K Miller noted that the Committee had previously requested an example of a dashboard to demonstrate where corporate performance demonstrated through KPIs is effective. M Ritchie noted that there is limited comparable industry

evidence (and what there is, the data is disproportionate to Manor Estates) but it is something that he will send on to us once he finds a good example.

8. Annual Supplier Turnover List

K Miller presented the report that compared the creditors over £10,000 in the period 2023/24 versus 2022/23. A Clark requested that next years spend would be in order of greatest spend in year.

Action point: K Miller

9. Internal Audits proposed for 2025/26 and 2026/27

K Miller noted that the proposal is as a result of SMT's review of the internal audits for the past 10 years and their suggestions of a pattern for future audits.

It was noted that tenant safety will be included annually but the theme will vary year on year to include either gas, EICR or asbestos.

Non-TIAA internal audits have been flagged as external audits and will include i) Procurement and ii) Penetration testing.

SMT and F Hurrell left the room at 5.40 pm whilst M Ritchie and the Committee had their annual opportunity to discuss any concerns either party has, without staff being present.

10. AOCB

No other business was noted

Date and Time of Next Meeting: Wednesday 19th June 2024 at 5:00 p.m.

The meeting closed at 5.48 pm