AUDIT COMMITTEE MEETING

Wednesday 18th June 2025

MINUTE

Present:	**A Clark (Chair); R Elliott; R Hutton; W Raeburn**
Virtual Attendance:	**L Fordyce**
In Attendance:	**C Ironside, K Miller (staff)**
	J Alexander (Azets Auditors) for part of the meeting (virtual)
Minutes:	**F Hurrell (staff)**

The meeting started at 5.00 pm and was held in person & virtually.

Item 11 was discussed after item 8 so that J Alexander could leave the meeting, the minutes are documented in order of the agenda.

ACTION

1. Apologies for Absence

None

2. Declarations of Interest

L Fordyce - Employee of Warmworks
R Hutton - Employee of Harbour Homes, part of Group that includes Harbour Multi Trades
R Elliott – Former RBS employee and RBS Shareholder

3. Minutes of last meetings: 7th May 2025

The minutes of the meeting held on the 7th May were approved as a true and accurate record.

Proposed: W Raeburn; Seconded: L Fordyce

4. Matters Arising

None

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5. Audit Committee Record of Actions

Members noted the report without comment and that there are no outstanding action points.

For Approval

6. Audited Accounts to 31 March 2025

K Miller introduced the Accounts and highlighted the following key points:

- We have received a clean unqualified audit report.
- We will be going to tender in autumn 2025 rather than early 2026. We may do a joint tender with Lister Housing. Azets have assured us the tender environment is more promising that last year.
- There has been a small growth in turnover because of our new housing stock in South Queensferry.
- Our annual pension scheme revaluation has resulted in a small surplus this year
- Gift Aid will be paid from the MEAL subsidiary in 2025/26.
- As at 31 March, there was a nil balance in our revolving credit facility.
- The full set of the Financial Statements will be going to the MEHA Board next week.

The Chair highlighted the positive outcome of the Audit and how we have built reserves of £24 million over 30 years which has been invested in fixed assets.

J Alexander notified members that no accounting changes were made during the audit, which would provide assurance to the members on the accuracy of the regular Management Accounts.

R Hutton queried the level of risk by continuing in the pension scheme. K Miller explained we have already minimised our risk by switching from the Defined Benefit scheme to the Defined Contribution scheme and there would be a high cost to leave the scheme completely. The Chair further explained we are reducing our risk from the Defined Benefit scheme through the passage of time.

W Raeburn queried the large change in creditors and K Miller explained there was a large loan repayment of £1.2 million included in trade creditors last year.

L Fordyce queried the level of capital commitment as it had increased since last year and whether it was related to the development works at South Queensferry. K Miller confirmed it was.

Proposed: W Raeburn; Seconded: R Elliott

7. Audit Findings Report for the Year ended 31 March 2025

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J Alexander from Azets spoke to her report and confirmed that they have assessed the significant areas of risk and found no material uncertainties related to the financial reports and there are no recommendations to make.

The Chair raised concern over the level of bad debt provision suggested in the Audit Findings Report. J Alexander explained that this is an Azets accounting estimate that they include each year. They are however content with the level of bad debt provision is in line with our policy. J Alexander to share her workings and add an expanded commentary to the report (section 7, page 11). **JA/KM**

Following a query from the Chair (page 1, under 'Significant Audit Findings' mention is made of section 10, but there is no such section), J Alexander explained that this is an error and the reference should have been removed after TC Young clarified they hold the title deeds to MEHA's 1,111 properties. J Alexander to amend the Executive Summary.

Proposed: L Fordyce; Seconded: R Elliott

8. Letter of Representation 2025

The Letter of Representation to Azets follows the standard wording. Following a query over reference to the bad debt provision "non-material misstatement" J Alexander explained that this is legal wording which cannot be amended but will add clarification to the appendix (as above in section 7 of the Audit Findings Report.) **JA**

Proposed: L Fordyce; Seconded: R Elliott

9. Activity Analysis

K Millller presented the annual version of the report and highlighted the key points:

- Increased income for MEAL and less time charged
- Commercial factoring has worsened

The Chair queried the level of office overheads at £150,000 being charged to Factoring. K Miller explained that the majority of this is the factoring insurance premiums. K Miller to separate out the insurance change from the office overheads and reissue to the members by email. **KM**

Proposed: W Raeburn; Seconded: L Fordyce

For Noting

10. Internal Audit – Outstanding Actions Tracker

Members noted that the CEO would review the report template in line with the internal audit ESG recommendation, so this point will soon be actioned. **CI**

DRAFT

Discussion took place over the length of time the factoring action points have been outstanding. C Ironside explained that this had been impacted by staff absence and our focus had been on providing a service to our factoring customers.

W Raeburn requested a paper on factoring outlining the issues. K Miller to source background reports that had been previously circulated and distribute to him. **KM**

R Elliott's raised concern about outsourcing factoring as this would increase the admin fee.

C Ironside added the factoring satisfaction survey was due to happen later in the year.

Following discussion members noted the report.

11. AOCB

K Miller confirmed to the Committee members that the Internal Audit on Procurement by Scotland Excel scheduled for 2024 hasn't happened, but it will be done in time for the next Audit Committee meeting.

12. Opportunity for Committee to meet with external auditors without staff present.

Staff members left the meeting for this item.

13. Date and Time of Next Meeting: Wednesday 8th October 2025 at 5.00 pm

The meeting closed at 6.25 pm

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