



AUDIT COMMITTEE MEETING

19 June 2019

MINUTE

Present: A Clark (Chair); D McEwan; A Scott; C Tait; M Trant

In Attendance: N Hicks; C Hughes; K Miller
N Aderinto (Quinn Internal Audit & Business Support Services)
J Alexander (Scott-Moncrieff Business Advisers & Accountants)

Apologies: None

ACTION

1 Apologies for Absence

No apologies.

2 Declarations of Interest

N Hicks – board member of The Action Group and member of SHAPS Employer Committee

C Tait – tenant of Manor Estates

D McEwan – tenant of Manor Estates

3 Minutes of Audit Committee Meeting of 8 May 2019

The minutes of the meeting of 8 May 2019 were approved as a true record, proposed by M Trant, seconded by D McEwan.

4 Matters Arising

Agenda item 8 (c) – Planned and Cyclical Maintenance

Members noted that there had been insufficient time to consider the issue of frequency, composition and content of Board reports at the strategy day. It was agreed that this was a matter for the full Board to consider

and that a half hour slot would be allocated at the end of the August Board meeting to enable discussion to take place. Members will be asked to offer examples of previous reports that they have found useful or not.

This issue to be recorded on Actions Tracker for both Audit Committee and Board.

CH

5 Audit Committee Actions Tracker

Members noted that Treasury Management training is included in the Board Training Plan to be discussed at full Board meeting on 26 June 2019.

Members agreed to consider Agenda Item 8 (a) at this point in the meeting.

8 (a) Planned and Cyclical Maintenance Addendum Report

N Aderinto introduced the report and talked members through the process that he had gone through in carrying out the original audit and the evidence that he had considered. He confirmed that at the time of the audit (March 2019), there was an underspend on the overall planned maintenance budget, however it had subsequently been identified that there were overspends on 3 specific contracts, as reported to the Board in April 2019. He gave a number of examples of how this could occur, but explained that it was not within the scope of the internal audit to examine individual contracts.

In response to a question regarding reasons for payment of 51% of a contract, when only 39% of the work had been completed, N Aderinto explained that there cannot be an assumption that 39% of the work incurs only 39% of the cost and gave a number of examples as to why this might not be the case.

Members noted the potential for incremental spending month on month to result in an overspend at a late stage and questioned at what stage a potential overspend could be identified. It was agreed that staff would check procedures for future projection of spend and early identification of possible difficulties. Members noted that the planned maintenance report to Board is already being reviewed to address this.

AH

J Alexander commented that she is aware of a number of associations who hold regular meetings with contractors during the period of the contract to identify any emerging issues that could affect costs and offer projected costs for the remainder of the contract.

The Chair thanked N Aderinto for his attendance at the meeting and the additional work that had been carried out subsequent to the Audit.

N Aderinto left the meeting after consideration of this report.

For Approval

6 Audit Management Report for the Year Ended March 2019

K Miller introduced the report that had been circulated previously and introduced J Alexander to present the Audit Management Report, noting that this is submitted to the Scottish Housing Regulator.

J Alexander confirmed that the report is 'clean', i.e. complies with statutory requirements and there are no issues of concern. Staff confirmed that no significant issues had arisen since the audit was carried out.

J Alexander then talked members through the key areas highlighted in the report. She confirmed that the adjustments that had been made to the accounts were not material.

With regard to the Management Letter, J Alexander confirmed that there was only one recommendation re depreciation and that this has already been addressed.

J Alexander expressed her thanks to K Miller and her team and invited questions from the Board.

The Chair was pleased to note the unqualified report and the minimal number of adjustments that were required.

The report was approved by the Audit Committee, proposed by M Trant and seconded by D McEwan.

7 Letter of Representation

J Alexander drew members' attention to an error on the last page of the letter and confirmed that this will be amended to mirror what is in the Audit Management Report in terms of the adjustments that have been made.

Members approved the letter of representation.

8 Audited Accounts 31 March 2019

K Miller introduced the report that had been circulated previously, noting that some further minor corrections will require to be made to the text in the accounts.

J Alexander then talked through the audited accounts, asking members to note again that this was a clean audit.

With regard to related party transactions, it was agreed that these should be included for The Action Group, Changeworks and Port of Leith Housing Association and that this would include amounts of income and expenditure.

KM/CH

It was further agreed that N Hicks' membership of the SHAPS Employer Committee should be declared at note 24.

KM

Following a question regarding the payment of interest on a future rather than current pension liability, J Alexander agreed to raise the matter with her technical committee.

JA

Members approved the accounts.

For Noting

9 Opportunity for Board to Meet with Internal and External Auditors Without Staff Present

K Miller and C Hughes left the meeting to enable members to have a discussion with J Alexander.

10 Any Other Competent Business

None

11 Date and Time of Next Meeting: Wednesday 16 October 2019 at 5.00 p.m.