

# **SUB-COMMITTEE PAPER**

## **FOR APPROVAL**



### **MINUTES**

**of the Meeting held on Thursday 27 April 2023**  
**Virtual meeting**

#### **COMMITTEE MEMBERS IN ATTENDANCE:**

Jeremy Hewer  
Victoria Bluck  
Craig Morton  
Adam Turner  
Martin Joyce

#### **APOLOGIES:**

#### **STAFF IN ATTENDANCE:**

John Davidson  
Craig Porter  
Sandy Young  
Tammy Allan

Chief Executive  
Director of Finance and ICT  
Director of Housing Management  
Business Improvement Officer (minutes)

#### **OTHERS IN ATTENDANCE:**

Scott McCready – for items 800 to 809  
Stuart Beattie – For items 800 to 810

Please note that these minutes have been edited to remove any commercially sensitive or confidential discussions.

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**STANDING ITEMS**

800	<p><b>Welcome</b> VB welcomed all attendees to the meeting.</p>
801	<p><b>Apologies</b> A record was made of apologies from non-attendees.</p>
802	<p><b>Approval of Previous Minutes – January 2023</b> The minutes of the meeting held on 26 January 2023 were approved.</p>
803	<p><b>AOCB Approval</b> None.</p>
804	<p><b>Declaration of Interest on any Agenda items</b> None</p>
805	<p><b>Matters Arising/Update</b> None</p>

**FOR APPROVAL**

806	<p><b>Internal Audit Reports</b></p> <ul style="list-style-type: none"> <li>• <b>Procurement</b></li> </ul> <p>SMcC summarised the report and informed the sub-committee that the procurement audit provided a substantial level of assurance, which is the 2<sup>nd</sup> highest grading that they provide. SMcC moved on to detail that the report provides details of the work that was undertaken, what testing was carried out and how they gained assurance from AHA. Following the audit, 5 recommendations were made but there was also an acknowledgement of 6 areas of good practise. Although not like for like, Wylie &amp; Bisset carry out benchmarking where they can and noted that receiving 4 recommendations would be classed as normal, however AHA received 5. SMcC detailed that during testing, AHA could only provide evidence for 2 direct awards. However, he noted that this doesn't mean that the procurement exercise wasn't carried out. The report detailed the recommendations that were made by Wylie &amp; Bisset, and SMcC noted that a few of them were easy fixes.</p> <p>The Audit and Finance Sub-committee <b>noted</b> the internal audit report and recommendations as provided by Wylie &amp; Bisset.</p>
807	<p><b>Internal Audit Annual Report 2022/23</b></p> <p>SMcC noted that the annual report summarises the work that was carried out throughout the year and detailed that the prime responsibilities of the Internal Audit Service is to provide the Association with an objective assessment of the adequacy and effectiveness of management's internal control systems.</p> <p>SMcC moved on to advise that Wylie &amp; Bisset are satisfied that AHA have adequate and effective risk management, control and governance processes in place to promote and secure value for money. Overall, next year, there are 17 recommendations that Wylie &amp; Bisset have made that they will follow up.</p> <p>SMcC also advised that, where they could, Wylie &amp; Bisset have benchmarked Almond AHA data against other RSLs and noted that throughout the year, AHA had received 7 recommendations against an average of 6. However, all performance indicators were met with the exception of 2 as detailed within the report.</p> <p>There were no queries or questions from the Sub-committee.</p> <p>The Audit and Finance Sub-committee <b>noted</b> the annual internal audit report as provided by Wylie &amp; Bisset.</p>

808	<p><b>Internal Audit Action Plan update</b> CP presented the action plan update and there were no queries or questions from the Sub-committee.</p> <p>The Audit and Finance Sub-committee <b>noted</b> the inclusion of recommendations in respect of recent audit exercises, as well as progress made in relation to the outstanding recommendations.</p>
809	<p><b>Internal Audit Plan 2023/24 and letter of engagement</b> SMcC informed the Sub-committee that Wylie and Bisset provided the Association with an audit needs assessment and then had a subsequent discussion with CP regarding the plan for the year. SMcC moved on to advise that the report outlines the plan for the year ahead. There have been some changes made to the initial plan with both the void management &amp; implementation of CRM system to be moved to the 2024/25 plan and both the tenancy sustainment and subsidiary review brought forward to 2023/24.</p> <p>SMcC outlined the summary of the audit plan that has been agreed between 2022 &amp; 2025 and also provided details of the training topics that Wylie &amp; Bisset are able to offer.</p> <p>The Audit and Finance Sub-committee noted that they were happy with the 2023/24 audit plan.</p> <p>The Audit and Finance Sub-committee <b>approved</b> the Internal Audit plan and letter of engagement for 2023/24 from Wylie and Bisset. The audit plan highlights the key areas of review to be undertaken during the 2023/24 period.</p>
810	<p><b>External Audit Plan</b> SB introduced himself and informed the sub-committee that the external audit plan was similar to previous years. He summarised the key risks that were identified at the planning stage and highlighted the work that Chiene and Tait intend to take on.</p> <p>SB advised that Chiene and Tait will audit the Associations figures to 2023, however also as part of the audit they will look beyond 2023 and look at the 5-year forecast and the assumptions in order to establish if they are reasonable.</p> <p>In terms of the key audit risks, SB advised that he housing stock is the main asset of AHA, therefore Chiene and Tait will ensure that AHA has the legal title deeds and ensure that the components have been accounted properly. They will also look at the borrowing, funding and governance that is in place and look at what is coming up to ensure that there aren't any breaches coming up. The system of collecting rent will be reviewed along with the controls that are in place. SB detailed that this will go hand in hand with arrears collection.</p> <p>SB also detailed that Chiene &amp; Tait will look at the financial statements to ensure that AHA accounts are complying with legislation and all disclosures are up to date. This will then be compared against others within the sector.</p> <p>One additional piece of work that will be undertaken this year is as a result of ISA315. SB detailed that this is a new auditing standard that will require Chiene &amp; Tait to drill down on a line by line basis to assess for risk and establish what controls are in place. This detailed approach will also need to be documented within the financial statements.</p> <p>The Audit and Finance Sub-committee <b>approved</b> the External Audit Plan for 2022/23 from Chiene and Tait. The audit plan highlights the key areas to be reviewed during the external audit to be undertaken during June 2023.</p>
811	<p><b>Risk Map: Quarter 4 Review</b> CP presented the report and highlighted the proposed new risk in relation to a cyber-attack. He also noted that whilst it was a new risk on the strategic risk map it had been considered previously and was already noted within the operational risk map.</p>

	The Audit and Finance Sub-committee <b>noted</b> the status of the risk map and agreed that the information should be reported to the February Board meeting.
812	<p><b>Bad Debt Write-Off</b></p> <p>CP informed the sub-committee that this was a standard report and the amount being requested was low in terms of the amount of rent arrears. However, there are a lot of rechargeable repairs and of the £10k being requested, £6k were as a result of deceased tenants.</p> <p>CP detailed that all requests are all within the current capacity in the financial statements, and there are sufficient levels of surplus to accommodate these.</p> <p>It was noted that it would be useful to see trends against the same period in the previous year and it was agreed that this would be provided going forward.</p> <p>The Audit and Finance Sub-committee <b>agrees</b> that the proposed bad debt write-off/write-off of credit balances should be submitted to the next Board meeting for approval.</p>
<b>INFORMATION PAPERS</b>	
813	<p><b>Treasury Update</b></p> <p>CP informed the Sub-committee that Almond HA has received a letter from [REDACTED]</p> <p>The Chair of Sub-committee raised concern with the letter that has been received which generated a discussion around the advice that had been given by ATFS. However, CP noted that he would obtain written confirmation of the advice that was given.</p> <p>The Audit and Finance Sub-committee <b>noted</b> the update on our Loan covenant with Nationwide Building Society and also progress of our security release with Royal Bank of Scotland.</p> <p>It is recommended that the Director of Finance review future plans and make recommendations for internal interest cover targets.</p>
814	<p><b>ICT Network Internal Penetration Test January 2023</b></p> <p>CP informed the Sub-committee that an internal test of the Associations network was recently undertaken, and he advised the reasons behind the increased length of the report. He also noted that the reason behind some of the issues that had been identified was that some of them should have been identified during the test that took place last year and also that some of them have been reidentified as they cannot be fully remedied due to supplier software. He noted these issues will remain until AHA move from version 4.5 of QL, [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>The Audit and Finance Sub-committee <b>noted</b> the Penetration Test Report on our Internal Infrastructure. Due to the extensive changes to our network for working from home, the external infrastructure is tested annually and was tested in June 2022, with recommendations already actioned. In addition, we also have our internal network tested for weaknesses, which have been identified, actioned or noted for remediation when appropriate.</p>
815	<p><b>Sole Supplier Justification Review</b></p> <p>CP informed the Sub-committee of the sole supplier arrangements that had been agreed in the last quarter.</p>

	<p>There were no queries received from the Sub-committee.</p> <p>The Audit &amp; Finance Sub-Committee <b>noted</b> the sole supplier arrangements entered into since the last meeting.</p>
816	<p><b>AOCB</b></p> <p>None</p>
817	<p><b>Date of next meeting</b></p> <p>The next meeting will be held on Thursday 27 July 2023</p>

Approved by:

Date: