

SUB-COMMITTEE PAPER

FOR APPROVAL



MINUTES

of the Meeting held on Thursday 27 July 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:

Stuart Beattie – For items 818 to 826

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

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STANDING ITEMS

818	<p>Welcome VB welcomed all attendees to the meeting.</p>
819	<p>Apologies A record was made of apologies from non-attendees.</p>
820	<p>Approval of Previous Minutes – April 2023 The minutes of the meeting held on 27 April 2023 were approved.</p>
821	<p>AOCB Approval CP informed the Sub-committee that there were 2 items of AOCB. These are:</p> <ul style="list-style-type: none"> • [REDACTED] • An update on the Associations Pen Testing supplier.
822	<p>Declaration of Interest on any Agenda items None</p>
823	<p>Matters Arising/Update None</p>

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824	<p>Final Audit Findings report incl. draft letter of representation CP advised that he was happy with the outcome of the external audit which was carried out by Chiene & Tait and introduced Stuart Beattie (SB), Audit Manager for AHA at Chiene & Tait.</p> <p>SB referred to the Audit Summary Report within the Final Audit Findings and advised that overall Chiene & Tait have proposed an unqualified opinion on the financial statements for AHA. SB moved onto advise that the key risks were identified at the planning stage of the audit and he proceeded to provide details of each of the business risks. He noted that they looked at the Associations budget next year along with the 5-year forecast in to ensure that they are both reasonable and stress tested. They were happy with what they found and there were no points where they could see AHA failing to meet its responsibilities.</p> <p>SB informed the Sub-committee that following a review of the Associations governance framework, they were happy that there were no recommendations that they would make in this area. He also noted that key audit risks are housing stock and key assets for AHA. He advised that in this area Chiene & Tait would be looking for potential impairment but from all of the testing that was carried out the balance sheet figures were accurate. Chiene & Taut looked at AHA’s year end loan balances whilst also looking at loan covenants and there weren’t any breaches, or potential breaches, throughout the year.</p> <p>In terms of GDPR, SB advised that they were happy that there hadn’t been any breaches but he noted that it is worthwhile having an annual report going to Board on how we would address any potential breaches should they occur.</p> <p>SB confirmed that the Association has a Treasury Management Policy in place. However, interest rates are rising and it is therefore worth reviewing how cash has been invested. In the past this has not been something for considering but given the current climate it is something that is worth taking into account. The Sub-committee noted that it was worth reviewing the strategy at the next meeting in order to ensure that we maximise value.</p> <p>CP highlighted the Representation letter that was appended to the report and noted that the sub-committee are required to recommend to the Board whether it should be signed.</p>
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	<p>The Audit and Finance Sub-committee agrees the Financial Statements for the year and recommends approval by the Board at their meeting in August. These financial statements will then be presented to the AGM in September.</p>
827	<p>Audit feedback from Auditors on information request from AHA Feedback from AHA on how the audit was progressed</p> <p>CP noted that on behalf of AHA, it was felt that the audit process with Chiene & Tait went well.</p>
828	<p>Internal Audit Action Plan Update</p> <p>CP presented the new format of the internal audit action plan and informed the Sub-committee that the actions within the table are being actioned.</p> <p>There were no queries or questions from the Sub-committee.</p> <p>The Audit and Finance Sub-committee noted the inclusion of recommendations in respect of recent audit exercises, as well as progress made in relation to the outstanding recommendations.</p>
829	<p>Risk Map: Quarter 1 Review</p> <p>The Sub-committee were made aware that a quarter 1 review of the risk map has taken place and the proposed amendments were noted within the report.</p> <p>VB noted that AHA have the right strategic risks but must ensure that there is an easy to digest risk map. It was also noted that SMT need to consider how Board reports are linked to the Associations strategic risks.</p> <p>It was agreed that during the Strategy Day in September, it would be a useful exercise to consider VBs suggestions.</p> <p>The Audit and Finance Sub-committee noted the status of the risk map and agreed that the information should be reported to the February Board meeting.</p>
830	<p>Bad Debt Write-Off</p> <p>CP informed the Sub-committee that the proposed write-off amounts are similar to previous periods. He also informed the Sub-committee that there are 9 not 5 debts as stated within the report, plus 3 garages. With regards to the sequestrations there is actually 1 plus 2 recoveries which results in £893.63 write-off and £1267.48 recovery for amounts previously written off in 2019 and 2022. The Board papers that have recently been issued have been amended reflect these changes.</p> <p>There were no queries from the Sub-committee.</p> <p>The Audit and Finance Sub-committee agrees that the proposed bad debt write-off/write-off of credit balances should be submitted to the next Board meeting for approval.</p>
831	<p>Management Accounts for the period 30 June 2023</p> <p>ACr presented the management accounts and detailed that to date, we are way ahead of target. He noted the £1m surplus and advised that there has been an underspend and the rent receivable is lower due to the rent loss from both Katherine Stret and Templar Rise.</p> <p>ACr advised that maintenance costs are currently £45k lower than budget, primarily due to lower reactive repairs being carried out. Also, building materials and labour inflation have recently been lower at 4.6% and combined this has resulted in an estimated reduction in reactive repairs expenditure of £160k.</p> <p>Other reductions in expenditure have been in terminations with a saving of £50k, and in professional fees with a further saving of around £40k. We are also currently £64k underspent in ICT but this is due to the receipt of a partial credit from Aareon for an unused product.</p>

	<p>ACr advised that interest is likely to increase generating an extra £400k, although this could be earmarked for windows and doors upgrades. He also noted that the Association is looking to enhance major works plans throughout the year in order to utilise any underspend. This generated a discussion around the Focus Group and Community Groups highlighting areas where money could be spent and empowering the community to make a difference.</p> <p>The Audit and Finance Sub-committee noted the financial position at 30 June 2023. The review and control of finances is both a Regulatory requirement as well as a requirement of our funding from our lenders.</p>
INFORMATION PAPERS	
832	<p>Annual Report – Fraud within Almond HA CP informed the Sub-committee that there have been no attempts made to obtain funds from the Association via deception throughout 2022/23.</p> <p>The Audit and Finance Sub-committee noted the contents of this report.</p>
833	<p>Sole Supplier Justification Review 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 & Finance Sub-Committee noted the sole supplier arrangements entered into since the last meeting.</p>
834	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
835	<p>AOCB – AHA’s Penetration Test Contractor CP informed the Sub-committee that previously AHA used Digital Xraid to conduct the penetration tests (pen tests), however following procurement moved to Barrier networks, however their services were only used for one year as the Sub-committee felt that their report wasn’t up to the same standard. Afterwards, AHA moved back to Digital Xraid and have used their services over the last 3 years. AHA are now looking to obtain best value and have agreed a contract with the Cyber and Fraud Centre Scotland who are a renowned cyber security company.</p> <p>It was noted that AT’s employees have recruited from the Cyber and Fraud Centre Scotland for their ICT team.</p>
836	<p>Date of next meeting The next meeting will be held on Thursday 26th October 2023</p>

Approved by:

Date: