

# SUB-COMMITTEE PAPER FOR APPROVAL



## MINUTES

of the Meeting held on Thursday 7<sup>th</sup> November 2024  
Virtual meeting

### COMMITTEE MEMBERS IN ATTENDANCE:

Craig Morton  
Martin Joyce  
Adam Turner

### APOLOGIES:

Victoria Bluck

### STAFF IN ATTENDANCE:

John Davidson  
Craig Porter  
Sandy Young  
Iona Taylor  
Andrew Craig  
Tammy Allan

CEO  
Director of Finance and Business Support  
Director of Housing Management  
Director of Asset Management  
Financial Controller  
Business Improvement Officer (minutes)

### OTHERS IN ATTENDANCE:

Scott McCready, Wylie & Bisset  
For items 910-919

STANDING ITEMS	
910	<p><b>Welcome</b> AT welcomed all attendees to the meeting.</p>
911	<p><b>Remit of Audit and Finance Sub-committee</b> AT informed the Sub-committee that the reports presented reminds them of the role of the Sub-committee members.</p> <p>The reports were <b>noted</b> by the Audit &amp; Finance Sub-committee.</p>
912	<p><b>Apologies</b> A record was made of apologies from non-attendees.</p>
913	<p><b>Election of Chair</b> Following discussions with VW, AT confirmed that she was happy to sit as Chair of the Sub-committee for a further year. VW was elected as Chair for a further year by the Audit &amp; Finance Sub-committee.</p>
914	<p><b>Approval of Previous Minutes – April 2024</b> The minutes of the meeting held on 25 July 2024 were approved without amendment.</p>
915	<p><b>AOCB Approval</b> None</p>
916	<p><b>Declaration of Interest on any Agenda items</b> None</p>
917	<p><b>Matters Arising/Update</b> None</p>
FOR APPROVAL	
918	<p><b>Internal Audit Report - Development</b> SM presented the report noting that a substantial level of assurance was given. He moved on to provide details around the purpose of the audit and also the arrangements that the Association has in place regarding development. In conclusion of the audit, SM detailed that whilst 2 recommendations were made, there were also several good practise points highlighted. Specifically referencing reporting arrangements, strategies and the options appraisals that are carried out.</p> <p>The Audit and Finance Sub-committee <b>noted</b> the internal audit report as provided by Wylie &amp; Bisset.</p>
919	<p><b>Internal Audit Report – Void Management</b> SM presented the report noting that a strong level of assurance was given and also advised that they were looking at the arrangements AHA have in place in order to manage voids, which were all adequate and efficient. SM detailed that they looked at the policies and procedures that were in place in order to ensure that they were sufficient and in conclusion a substantial level of assurance was given.</p> <p>2 observations were noted within the report along with 3 recommendations and 5 areas of good practise were highlighted. SM noted that overall it was a strong report.</p> <p>There was reference made to the void policy being overdue and JD advised that this was something that AHA were aware of and it is hoped that by the end of the year the majority of overdue policies would be taken to Board for approval in order to bring them up to date. The Associations procedures will also need to be reviewed and amended following the implementation of the new housing management system.</p> <p>The Audit and Finance Sub-committee <b>noted</b> the internal audit report as provided by Wylie &amp; Bisset.</p>
920	<p><b>Internal Audit Action Plan Update</b> CP presented the report and noted that the action plan includes the recommendations from the recent audits as well as updates on previous risks that are either in progress or ones that are yet to be implemented.</p>

	<p>The Audit and Finance Sub-committee <b>noted</b> inclusion of recommendations in respect of recent audit exercises, as well as progress made in relation to the outstanding recommendations.</p>
921	<p><b>Management Accounts – to end 30 September 2024</b></p> <p>As highlighted within the report, CP noted that AHA are ahead of budget for the surplus for the first 6 months of the year. He also noted the variances detailed in the paper including delays with RAAC and also the Howden walkways which would have brought in income and provisions for bad debt. There have also been delays in the recruitment on the Housing Services Manager role and backfill staff for the Housing Management System.</p> <p>The Audit &amp; Finance Sub-committee <b>notes</b> the financial position at 30 September 2024. The review and control of finances is both a Regulatory requirement as well as a requirement of our funding from our lenders.</p>
922	<p><b>Budget Revision – Forecast Out-turn 2024/25</b></p> <p>ACr presented the forecast for the remainder of 2024-25 and noted a surplus of over £1m which is greater than the original budget, however we have not breached any loan covenants. He noted a number of underspends and savings advising that the void rent loss is higher than expected due to the rewiring project that is taking place. There has also been an underspend with the Howden walkways which has been scaled back from £400k to £100k and of which £36k will be recharged to owner occupiers. ACr advised that the Associations income is up £70k and of which £36k is gift aid that will be received from AEL.</p> <p>ACr moved on to advise that there has been a saving of £30k due to low energy costs, £50k due to a reduction in terminations, £136k in maintenance spend from the original budget, £300k underspend on management costs and £100k reduction in salaries due to the delay with backfill posts and the Housing Services Manager position. There is also a loss on disposals and component replacements, however it was also noted that a lot of the savings will be deferred to future years, EWI work is also planned which was previously delayed due to RAAC and therefore may be achievable this year and will free up expenditure in future years. It was agreed that spend on EWI will be presented to the Chair for approval once it has been progressed</p> <p>There was a discussion around the Howden walkways and the Board were made aware that it has been identified that AHA do not have the right to charge owner occupiers for the work that is required unless formal agreement has been received from everyone and to date only a few owners have agreed therefore the work has been scaled back and SMT will report back at a later date with proposals around what can be done with the properties within these blocks.</p> <p>The Audit and Finance Sub-committee <b>approved</b> the budget revisions for 2024/25 and <b>agreed</b> that SMT should seek Chair's approval for additional spend once EWI project is fully assessed, for completion by 31 March 2025.</p>
923	<p><b>Risk Map: Quarter 2 Review</b></p> <p>CP informed the Sub-committee that the strategic risks have been reviewed by SMT and it is proposed that no amendments are required, however as previously agreed the operational risks are being presented at this meeting. CP also detailed that it is intended that there will be around 50 operational risks identified within the next 6 months and that they will remain under constant review.</p> <p>The Audit &amp; Finance Sub-committee <b>noted</b> the status of the risk map.</p>
924	<p><b>Bad Debt Write-Off</b></p> <p>CP informed the Sub-committee that there was a light amount of debt to be written off and he also remind them that SY was given delegated authority last year to write off any debt with a value of less than £1000, therefore there is only sundry debt included this time around.</p>

	<p>CP advised that times are challenging for tenants right now and as a result sequestrations have increased again. He also noted that next quarter there is likely to be a higher value presented to be written off as we are in the process of reviewing our ledgers prior to the move over to HomeMaster.</p> <p>There was a discussion around the values that were being presented and whether this report was required on a quarterly basis or whether it should be moved to 6 monthly.</p> <p>The Audit and Finance Sub-committee <b>agreed</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>	
925	<p><b>VAT Inspection</b>  CP informed the Sub-committee that the VAT Inspection that was scheduled to take place on 5th November had to be postponed due to staff illness at HMRC and has been rearranged for 4<sup>th</sup> December.</p> <p>The Audit &amp; Finance Sub-committee <b>noted</b> that the Association has a VAT inspection on 4<sup>th</sup> December 2024.</p>
926	<p><b>Sole Supplier Justification Review</b>  CP presented the report and there were no queries or questions 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>
927	<p><b>AOCB</b>  None.</p>
928	<p><b>Date of next meeting</b>  The next meeting will be held on Thursday 30<sup>th</sup> January 2025</p>

Approved by:

Date: