

SUB-COMMITTEE PAPER FOR APPROVAL



MINUTES

of the Meeting held on Tuesday 25 July 2024
Virtual meeting

COMMITTEE MEMBERS IN ATTENDANCE:

Victoria Bluck
Craig Morton
Martin Joyce
Adam Turner

APOLOGIES:

John Davidson

STAFF IN ATTENDANCE:

Craig Porter
Sandy Young
Iona Taylor
Andrew Craig
Tammy Allan

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

OTHERS IN ATTENDANCE:

Jasneet SinghArora, Chiene & Tait
For items 894 - 903

STANDING ITEMS	
894	Welcome AT welcomed all attendees to the meeting.
895	Apologies A record was made of apologies from non-attendees.
896	Approval of Previous Minutes – April 2024 The minutes of the meeting held on 25 April 2024 were approved without amendment.
897	AOCB Approval None
898	Declaration of Interest on any Agenda items None
899	Matters Arising/Update None
FOR APPROVAL	
900	Final Audit Findings Report Incl. draft Letter of Representation <p>JS presented the accounts and audit summary report to the Sub-committee and noted that Chiene & Tait had proposed an unqualified opinion of the Association and its subsidiary. He also thanked everyone in the finance team for their help and support throughout the audit process and advised that during the closing meeting, it had been noted that in order to streamline the process, it would be more beneficial to conduct the audit slightly earlier in the year.</p> <p>JS moved on to refer to the audit risks in relation to both rent and tenant arrears and informed the Sub-committee that the Associations debt provisions and tenant arrears were reviewed and following the review Chiene & Tait were satisfied that no further provision was required. JS also noted at this point that there were no indications of impairment in terms of the Associations housing stock.</p> <p>JS noted the issues that arose during the audit, mainly in reference to the service level agreement between AHA and its subsidiary and the distribution of the gift aid, however these matters were resolved during the audit process. JS also made reference to the Associations sustainability reporting and advised that whilst there is no official requirement to report on any work carried out, it is anticipated that this will change within the next few years and disclosures will be required within the accounts.</p> <p>CP also referred to the Letter of Representation, noting that it was a standard representation letter.</p> <p>The Audit and Finance Sub-committee agreed that the Audit Summary Report including the draft Representation Letter and are satisfied that the points raised within the report and that the representations being requested can be agreed by the Board prior to the approval of the Financial Statements.</p>
901	Internal Financial Control Statement <p>CP informed the Sub-committee within the Internal Financial Control Statements are highlighted areas which should allow the Board assurance that they can sign off on the Statements.</p> <p>The Audit and Finance Sub-committee agreed the Internal Financial Control Statement included within the Financial Statements and is satisfied that the control mechanisms undertaken this year enable the Board to approve the Financial Statements.</p>
902	Financial Statements for the year ended 31 March 2024 <p>The financial statements were presented to the Sub-committee and JS referred to the Statement of Comprehensive Income. He noted the increase in both revenue and operative expenditure. JS also referred to the tangible fixed assets and highlighted the financial changes in the Associations properties.</p>

	<p>ACr referred to the supply chain issues encountered by the Associations reactive repairs contractor and the subsequent impact that this has had on both resource and the length of time taken to carry out repairs. He also referred to the update provided with regards to properties affected by RAAC. Reference was made to the £4.3m that was spent throughout the year on component replacements, the £1m spent on roofing works and £200k on bathroom upgrades.</p> <p>ACr moved on to refer to the key risks and uncertainties which includes the new housing management system and the challenges involved with this. There is also celebration of the Associations 30th anniversary that needs to be taken into account and £4.6m will be spent on the new Blackburn site along with the importance of ESG.</p> <p>There was also a discussion around the Associations approach to RAAC and the Sub-committee noted their satisfaction with the approach taken.</p> <p>The Audit and Finance Sub-committee agrees the Financial Statements for the year and recommends approval by the Board at their next meeting in August.</p>
903	<p>Internal Audit Action Plan Update</p> <p>CP presented the report to the Audit and Finance Sub-committee and highlighted the delayed implementation of the new housing management system which has also impacted the installation of a new contractor portal.</p> <p>The Audit and Finance Sub-committee noted inclusion of recommendations in respect of recent audit exercises, as well as progress made in relation to the outstanding recommendations.</p>
904	<p>Bad Debt Write-Off</p> <p>The report was presented to the Sub-committee who were made aware that due to staff shortages a lower amount was being proposed this quarter. CP highlighted the 2 deceased tenants whose debt is now identified as being non-recoverable. He also noted that the Association has saw an increase in the number of sequestrations with 3 being undertaken totalling £5,800.</p> <p>The Audit and Finance Sub-committee agreed that the proposed bad debt write-off/write-off of credit balances should be submitted to the next Board meeting for approval.</p>
905	<p>Risk Management Strategy and Framework</p> <p>CP informed the Sub-committee of the Risk Management training that took place with VB following the proposal that was discussed at the previous Board strategy day and the training identified how we approach risk management and assessment. CP also advised that the framework presented also encapsulates discussions that took place by Board.</p> <p>CP moved on to advise that SMT scored and assessed each strategic risk against the key risk that had been identified and it was noted that the day to day risks should also link with the key risks resulting in a risk framework that is more user friendly. He also advised that the risk scoring will be amended within Board papers and each of the risks presented will also link back to the strategic risks.</p> <p>The Audit and Finance Sub-committee reviewed the draft Risk Management Strategy and now seek approval from the Board at the next meeting.</p>
906	<p>Management Accounts for the period 30 June 2024</p> <p>ACr informed the Sub-committee that the 1st quarter of the year is showing a surplus of £560k against a budget of £200k and the main reason behind this is the phasing that has taken place. He also informed the Sub-committee of the delay with the new housing management system.</p> <p>ACr noted that the work being carried out on the Howden walkways has been downscaled and the impact that this has had on the bad debt provision.</p> <p>CP informed the Sub-committee at this point that the level of grant that the Association expects to receive in relation to social work adaptations is an area of concern. The Scottish Government have yet to agree</p>

	<p>the grant level as yet and AHA utilise this grant to provide a service to its tenants and we don't have a significant amount of our own money available that can be used.</p> <p>The Audit and Finance Sub-committee noted the financial position at 30 June 2024. 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	
907	<p>Sole Supplier Justification Review</p> <p>CP informed the Sub-committee that following the retirement of the Associations insurance consultant, and due to the timescale required for implementation, it is proposed that we utilise the services of Gibbs Laidler.</p> <p>The Audit & Finance Sub-Committee noted the sole supplier arrangements entered into since the last meeting.</p>
908	<p>AOCB</p> <p>None.</p>
909	<p>Date of next meeting</p> <p>The next meeting will be held on Thursday 24th October 2024</p>

Approved by:

Date: