

Minutes of Audit Committee
Held on 14th August 2019 at Lochside Hotel, New Cumnock at 6.30 pm

Present: N Allan, H Carr, L Murphy, A Rae, S Roberts

Convenor: N Allan

IN ATTENDANCE: J Munro (Director), L Miller (Head of Customer Services), C Donnelly (Head of Corporate Services), J McLelland (Clerical Assistant)

The meeting commenced at 6.30 pm.

Item		Action
	The Convenor welcomed members to the meeting	
1.0	Formal Business	
1.1	<u>Apologies</u> None.	
1.2	<u>Declaration of Interest</u> None.	
1.3	<u>Minutes of the Meeting Held on 20th June 2019</u> The Convenor presented the minutes of the meeting and invited comment or corrections.	
	The Audit Committee agreed the minute as a true and accurate record of the meeting held on 20th June 2019.	
1.4	<u>Action Plan</u> The Audit Committee noted the comments included in the Action Plan. Item 2.7 23/01/18 – IT Interfacing of Gas Servicing – The Head of Corporate Services confirmed that the ICT Performance Officer is currently finalising areas of the repairs interface and testing has been done on the financial aspect. The Head of Customer Services confirmed that a gas servicing interface will form part of a future ICT development plan.	
	The Audit Committee noted the contents of the Action Plan.	
1.5	<u>Matters Arising</u> None.	
1.6	<u>Notifiable Event</u> None.	
2.0	Items Requiring a Board Decision	
2.1	<u>Assurance Statement Preparation – Standards 3, 4 and 5</u> The Director presented the report to the Audit Committee and confirmed	

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2.2	<p>that the Management Team have completed a further 3 Standards since the last meeting in June. Five of the seven standards are now complete. The Audit Committee had the following comments:</p> <ul style="list-style-type: none"> – Standard 3 - page 3: “targeted recruitment of Management Board members with financial expertise” to be amended to “additional recruitment” to reflect the existing financial expertise on the Board. – Standard 4 - page 3 - bullet 1: Strengthen statement to demonstrate Independent ARC Validation will be carried out prior to submission of the ARC. – Standard 4 - page 3 - bullet 2: explicitly mention a date that the ICT Strategy will be completed by. – Standard 5 - page 4 - bullet 2: amend “investigate” to “engage” with Investors in Diversity Accreditation. Include that Board are also to undertake training. – Page 31 – Tenant Participation and Consultation Strategy – The Audit Committee feel that this section could contain more evidence of what has been achieved by the Association in this area. – Page 33 – Capacity Building: Induction, Annual Board Member Appraisals and Training Plans – make more explicit that the Board Appraisals will be supported by an independent external consultant who will assist in validating the process periodically. 	MT
	<p>The Director confirmed that Freedom of Information (FOI) requirements will come into force on 11 November 2019. The Association is currently working on the Model Guide to Information and this will be referenced within the Assurance Mapping document along with any other developments.</p>	MT
	<p>[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]</p>	
	<p>The Head of Corporate Services confirmed that Wylie & Bisset are scheduled to complete a pre-submission audit of the Assurance Map in September 2019. Their draft outcome report will be shared with members and brought to the October meeting of the Audit Committee.</p>	HCOR
	<p>The Audit Committee noted the Draft Assurance Map and regulatory compliance assessments and agreed the document be presented to the August Board meeting.</p>	DIR
	<p><u>Draft Standing Orders</u> The Audit Committee had a detailed discussion around paragraph 54; recording dissent. The Audit Committee agreed that it should remain. They feel it is important that this paragraph is included as it represents good governance showing that, if necessary, dissent can be registered. It was agreed that the phrase “other than this” is to be removed.</p> <p>The Audit Committee had a detailed discussion around paragraphs 82-</p>	MT

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	<p>84, publication of minutes to comply with FOI guidelines. It was agreed that the following amendment is to be made:</p> <ul style="list-style-type: none"> – Paragraph 82 – amend “summarised” to “suitably redacted”. <p>The Audit Committee raised the following points:</p> <ul style="list-style-type: none"> – Minute taking protocol to be reviewed to comply with FOI requirements. – Additional training may be required for Board and staff directly involved in FOI e.g. minute taker, and ICT Performance Officer. – Committee suggested it may be worth seeking specialist legal advice in partnership with Eydent members, to comply with publication of redacted minutes. <p>The Audit Committee remitted the Director to investigate and report back. The Director will report back to either the Board or the Audit Committee in October, along with an example minute.</p> <p>The Audit Committee debated whether non-Board members could serve on the Audit Committee and should this be written into the Standing Orders. It was agreed that this should be discussed further at Board level.</p> <p>The Audit Convenor drew the committee’s attention to paragraph 25, that the convenor cannot hold office continually for more than 5 years, which is the same terms as the Chairperson. The Convenor highlighted a potential risk of multiple Office Bearers requiring to stand down at the same time. To avoid this risk, it was suggested that the Standing Orders offer some degree of flexibility, e.g. initial period of 5 years with the option to add a maximum of 2 years or a maximum term of 6 years. This matter is to be discussed at the August Board meeting.</p> <p>The Audit Committee noted the content of the report and recommends, subject to the noted amendments, which will be presented to Board for approval in August 2019.</p>	<p>MT</p> <p>DIR</p> <p>DIR</p> <p>BOARD</p>
2.3	<p><u>Risk Matrix</u></p> <p>The Head of Corporate Services presented the updated Risk Matrix to the Audit Committee.</p> <p>The Audit Committee noted that no new risks have been added since the last review and agreed the reduced Residual Risk score for Financial Viability better reflects the Association’s current position where it can easily meet its commitments as they fall due.</p> <p>The Head of Corporate Services confirmed that the Financial Inclusion Team are reviewing the Universal Credit risk, taking account of the proactive work with tenants who are likely to move to UC. The headline risk area is likely to change to Income Management. Both the Head of Customer Services and the Head of Corporate Services will review the Universal Credit risk for consideration by Audit Committee at its next meeting.</p>	<p>HCS/HCO R</p>

Item		Action
	<p>The Head of Corporate Services confirmed that the risk score for ICT Security remains unchanged. A re-evaluation will be completed when all remedial work is completed, and internal auditors have reported on this to the Audit Committee.</p> <p>The Director gave a brief update on Newbiggin Terrace as the Senior Asset Officer will provide an update report to Board in August. Planning consent closed for objections last week and we have not been notified of any objections. Ground surveys and investigation of previous underpinning work is being completed. The SAO is currently awaiting the results. The project is still anticipated to start on site in October 2019 subject to planning consent and procurement of a contractor.</p> <p>The Audit Committee considered the updated Risk Plan and approved the plan and recommendations to reflect the Association's risk position at August 2019.</p>	SAO
2.4	<p><u>Board Report Cycle</u> The Audit Committee welcomed the cycle and suggested it be incorporated into the Board Meeting packs for information. Committee felt that it provides a useful calendar of Association Business for all members.</p> <p>The Audit Committee approved the Board Report Cycle.</p>	CA
3.0	<p>Items for Discussion <u>None.</u></p>	
4.0	<p>Reports for Information Only <u>None.</u></p>	
5.0	<p>AOCB</p>	
5.1	<p><u>Eydent Event</u> Committee noted that a joint Eydent training session on Regulatory Assurance Statements will take place on 22 August 2019 at Atrium Homes, Kilmarnock. Members should let the Clerical Assistant know if they wish to attend.</p>	
5.2	<p><u>Board Membership Update</u> The Director advised that there has been considerable interest in Voluntary Board Membership following the advertisements. The Director and Chairperson will contact those who have expressed an interest to have further discussion about the role.</p>	
6.0	<p>Date of Next Meeting: Wednesday 9th October 2019 at Lochside House Hotel, New Cumnock at 6.30pm.</p> <p>Meeting Concluded at 8.15 pm</p> <p>I confirm this Minute is a true and accurate record of the meeting: -</p>	

Item		Action
	Convenor_____	