

Please note – these Minutes have been edited to remove any commercially sensitive or confidential discussions

ITEM 2

MELVILLE HOUSING ASSOCIATION LIMITED

Minute of the Audit Committee Meeting held on Monday 12 March 2018 at 5.30pm in the Board Room, Corn Exchange 200 High Street, Dalkeith

PRESENT: Scott Pryde
Glen Alexander (via Telephone)
Donna Bogdanovic
Paul Cameron

IN ATTENDANCE: Andrew Noble, Chief Executive
Morag MacDonald, Chief Operating Officer
Euan Morrison, Chiene + Tait
Stephen Pringle, Wylie and Bisset
Mary Monteith, PA to Chief Executive (Minute)

S PRYDE IN THE CHAIR

		Action Required
1a	OPENING REMARKS	
	The Chair welcomed everyone to the meeting, especially the Auditors from Chiene + Tait and from Wylie + Bisset.	
1b	DECLARATION OF ANY OTHER COMPETENT BUSINESS	
	<u>Noted</u> that there were no items of any other business to be raised.	Note
1c	DECLARATION OF INTEREST	
	<u>Noted</u> that there were no declarations of interest.	Note
1d	APOLOGIES	
	<u>Noted</u> that apologies were received from Caron Quinn.	Note

2 MINUTE FROM PREVIOUS MEETING 4 DECEMBER 2017 AND MATTERS ARISING **Action Required**

2.1 **Noted** that the minutes were **approved** by Glen Alexander and seconded by Donna Bogdanovic. **Approve**

Matters Arising

2.2 There were no matters arising from the previous meeting. **Note**

3 NOTIFIABLE EVENTS

3.1 **Noted** that the Chief Executive explained that the one notifiable event we had – the ongoing issue with Carbon Dioxide at Newbyres in Gorebridge – has been closed off by the Regulator – they do not wish any further information at this stage. **Note**

3.2 **Noted** that the Chair commented that they were a bit surprised by this. The Chief Executive acknowledged that the staff were too, but we will inform the Regulator should anything change. **Note**

3.3 **Noted** that the Chief Executive advised that both the Regulator and tenants would be updated when the contracts were signed to commence works to test remedial action. **Note**

3.4 **Noted** that the Chairman asked members if they were aware of any other notifiable events. Members confirmed that there were no other notifiable events that they were aware of. **Note**

4 EXTERNAL AUDIT PLAN FOR YEAR ENDING 31 MARCH 2018

4.1 **Noted** that the Auditor of Chiene + Tait advised that the audit would follow a similar format to previous years. They then gave a brief explanation of the audit approach, directing members to the sections on the audit process, quality assurance and timeline for the audit. They highlighted that the close of audit meeting will be on 27 June 2018. **Note**

4.2 **Noted** that they continued by highlighting a number of the main business risks including: **Note**

- Ongoing impact of welfare reform

	<ul style="list-style-type: none"> ▪ Existence, ownership and valuation of housing stock ▪ Completeness of provisions and liabilities for Newbyres Carbon Dioxide incident ▪ Completeness of development expenditure ▪ Fraud including management override 	Action Required
4.3	Noted that the Auditor pointed out that the audit team will consist of Chiene + Tait staff who had previous experience of Melville. They also noted that, the Partner heading the audit team, has had a long association with us and in light of this, the audit work will be reviewed by a second audit partner.	Note
4.4	Para 4.4 – Minute removed or edited due to information relating to personal/confidential items or being commercially sensitive	Note
4.5	Noted that there was a query about the stock valuations and the Chief Operating Officer clarified that these surveys were underway conducted by Jones Lang Lasalle.	Note
4.6	The Audit Committee noted the contents of this report and approved the Audit Plan	Note Approve
5.	MEETING IN PRIVATE WITH EXTERNAL AUDITOR	
5.1	Noted that in line with good practice, staff members left the meeting to allow audit committee members to have a meeting in private with the external auditor.	Note
6.	INTERNAL AUDIT REPORTS AND DRAFT PLAN FOR 2018/19	
	Reactive Repairs Audit	
6.1	Noted that the Auditor took members through the report on the recent reactive maintenance audit. They highlighted the following:	Note
	<ul style="list-style-type: none"> ▪ One low priority recommendation made - checking of the monthly Novus completion reports to note the percentage of repair time-frames missed for emergency and non-emergency repairs and raise any issues with the contractor at quarterly meeting – response implemented 	

28 February 2018.

- Pointed out a number of areas of good practice.
- Overall conclusion was Strong with fewer recommendations than Associations benchmarked against.

**Action
Required**

6.2 **Noted** that a member commented on the percentage of failures in December the Chief Executive acknowledged this but explained that some of these were due to meeting tenants' appointment requests and some due to the fact that there was a skeleton staff during the Christmas period. The Chief Executive also pointed out that we still have a high level of satisfaction recorded by tenants.

Note

Follow Up Review

6.3 **Noted** that the Auditor explained that the purpose of this review was to ensure that Melville had implemented internal audit recommendations made during other audits and noted the following:

Note

17 Recommendations made
14 Fully Implemented
2 Not completed
1 Superseded

6.4 **Noted** that the Chief Executive gave an update on the two outstanding IT recommendations:

Note

- Recommended that the Association produce user account procedures to address the process to be followed to address changes to permissions.
- Recommended that the Association update the Information Security Policy to include how you can access the systems remotely and who can access what systems.

6.5 **Noted** that the Chief Executive explained that following consultation with our IT consultants, these now have implementation dates of 30 April 2018.

Note

6.6 **Noted** that members were advised that the superseded recommendation related to penetration testing of patches etc and is awaiting a proposal from an IT specialist. **Note Action Required**

Internal Audit Plan 2018/19

6.7 **Noted** that the Auditor highlighted the changes made to the Audit Plan following discussions with Chief Executive on 15 February 2018: **Note**

- The Budgetary and Financial Controls Review, Human Resources Review and Housing Allocation and Management Review were replaced with GDPR Review and a Planned Maintenance Review.
- The number of days for the Gas Safety Review was increased from 2 to 4 days.

6.8 **Noted** that the dates for the next two Audits were confirmed as follows: **Note**

- Gas Safety 20 May 2018 (4 days)
- GDPR & Planned Maintenance Follow Up Review– February 2019 (4 days)

6.9 **Noted** that the Chair explained that one member had emailed in with comments and they had asked that the scope of the Maintenance Audit focus on how the planned maintenance budget is set – looking at the process to ensure the robustness of our stock condition information and costs assumptions used. The Auditor acknowledged this request. **Note**

6.10 The Audit Committee **noted** the contents of this report and approved the Internal Audit Plan for 2018/2019 **Note Approve**

7. MEETING IN PRIVATE WITH INTERNAL AUDITOR

7.1 **Noted** that in line with good practice, staff members left the meeting to allow audit committee members to have a meeting in private with the internal auditor. **Note**

8. ANNUAL RETURN ON THE CHARTER – SCRUTINY	Action Required
8.1 Noted that the Chief Executive explained that we are aiming to complete this year’s ARC Return by Friday 11 May 2018 and seek approval from the Board at their meeting on 23 May to submit the information.	Note
8.2 Noted that members were advised that we were proposing to use the Scottish Housing Network high level, desktop review service (cost approx. £200) as part of the scrutiny process.	Note
8.3 Noted that as in previous years, the Chief Executive asked for volunteers from the Audit Committee to be involved in the scrutiny of the ARC.	Note
8.4 Noted that the Committee discussed some dates and agreed 3pm on 23 May. Details to be finalised and circulated to members.	Note Approve
9. POLICY REGISTER	
9.1 Noted that the Chief Executive update members that we had been working with Mentor to assemble these policies into an Employee Handbook and that the first draft was due in the coming weeks for implementation later in the year.	Note
9.2 The Audit Committee noted the contents of the updated policy register.	Note
10. REGISTERS	
10.1 Noted that there had been the following entries in the registers since the last meeting of the Audit Committee: <ul style="list-style-type: none"> ▪ 15 items recorded in the Entitlements, Payments and Benefits Register ▪ 1 entry in the Declaration of Personal Interests 	Note
10.2 Noted that there have been no entries to any of the other registers since the last Audit Committee meeting.	Note

10.3 **Noted** that the Chairman signed the registers following the meeting. **Note**

11. ANY OTHER COMPETENT BUSINESS

11.1 **Noted** that there was no Other Competent Business. **Note**

12. DATE OF NEXT AUDIT COMMITTEE MEETING

12.1 **Noted** that the next Audit Committee meeting will be held on 30 July 2018. **Note**

12.2 **Noted** that there were two apologies given for this meeting. **Note**