

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 4 December 2017 at 5.30pm
in the Board Room, Corn Exchange 200 High Street, Dalkeith**

PRESENT: Scott Pryde
Glen Alexander (via Telephone)
Donna Bogdanovic
Caron Quinn

IN ATTENDANCE: Andrew Noble, Chief Executive
Sean Dickson, Housing Services Manager
Stephen Pringle, Wylie and Bisset
Mary Monteith, PA to Chief Executive (Minute)

S PRYDE IN THE CHAIR

The meeting was opened by the Chief Executive who advised that as this was the first meeting since the AGM a Chair would need to be elected.

**Action
Required**

It was explained that the Chair of the Association could serve on the Audit Committee but could not stand as Chair.

Donna Bogdanovic nominated Scott Pryde as Chair and this was seconded by Glen Alexander. There being no other nominations, Scott was duly elected as Chair of the Audit Committee.

The Chief Executive then passed the meeting over to the new Chair

1 OPENING REMARKS

The new Chair thanked his fellow Committee members and welcomed everyone to the meeting, especially the

Note

representative from our Internal Auditor Wylie + Bisset.

		Action Required
	DECLARATION OF ANY OTHER COMPETENT BUSINESS	
1b	<u>Noted</u> that there were no items of any other business to be raised.	Note
	DECLARATION OF INTEREST	
1c	<u>Noted</u> that there were no declarations of interest.	Note
	APOLOGIES	
1d	<u>Noted</u> that apologies were received from Paul Cameron.	Note
2	MINUTE FROM PREVIOUS MEETING 31 JANUARY 2017 AND MATTERS ARISING	
2.1	It was noted that this is a new Committee and the only member present who was in attendance at the last meeting approved these minutes.	Approve
	Matters Arising	
2.2	There were no matters arising from the previous meeting.	Note
3	NOTIFIABLE EVENTS	
3.1	<u>Noted</u> that the Chief Executive explained that this is a standing item on the Audit Committee Agenda. He pointed out that this allowed staff to ensure Committee Members were aware of any events notified by either the Chief Executive or Chair to the Scottish Housing Regulator. It also gave the Members an opportunity to raise any issues they thought should be notified to the Regulator	Note
3.2	<u>Noted</u> that it was explained that we have the one notifiable event – the ongoing issue with Carbon Dioxide at Newbyres in Gorebridge. He explained that the Regulator had received regular updates and they seem satisfied with the	Note

	actions/progress to date.	Action Required
3.3	Noted that the Chair queried that the last update to the Regulator was 28 August. The Chief Executive explained that there had been very little to report whilst awaiting the next steps with BRE. It was pointed out that we now have the specification and reporting time agreed by the IMT for a sub surface sump system and that it was hoped that pre-monitoring intervention could be carried out in the empty properties over a four week period during the Christmas period.	Note
3.4	Noted that it was advised that both the Regulator and tenants would be updated when the contracts were signed for this work.	Note
3.5	Noted that the Chair 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	RISK MANAGEMENT REPORT	
4.1	Noted that Chief Executive told the meeting that our current risk map had been reviewed following input from Board Members at the facilitated workshop by our internal auditors, Wylie + Bisset at our away day in April 2017.	Note
4.2	Noted that it was explained to the Committee that the map covers main risks identified.	Note
4.3	Noted that one member advised that they had some comments regarding how the map is displayed, including Target Risk. It was suggested that colour coding be used to highlight risks.	Note
4.4	Noted that the Committee discussed risk and agreed that it would be useful to use a future meeting to go through the risks on the map individually.	Note
5.	INTERNAL AUDIT REPORTS	
5.1	Noted that our Internal Auditor gave the Committee a brief overview of the layout of the Audit Reports.	Note

Rent Collection & Arrears Management	Action Required
<p>5.2 Noted that this service was rated as Strong – with only two recommendation made to enhance the systems currently in place – 1 medium and 1 low (against an average number of 6).</p> <ul style="list-style-type: none"> ▪ Medium - Recommend that the Association ensures that all repayment agreements going forward are confirmed in writing to the tenant ▪ Low – Recommend that rent arrears policy and procedure is readily available to tenants through website and consider hard copy of this these as part of information provided to new tenants going forward. Website to notify tenants that this policy was updated in January 2017. 	Note
<p>5.3 Noted that the Housing Services Manager confirmed to Committee that these recommendations were implemented immediately whilst the auditor was still on site.</p>	Note
<p>5.4 Noted that the sample size – 12 arrears cases – was queried as it was felt that this was not a large enough sample. It was noted that this was not a criticism, but it was thought that more days may have been required for this audit. The auditor acknowledged that more days would have allowed for an increased sample size but nothing else as the auditor was looking more at the actually processes to provide assurances.</p>	Note
<p>5.5 Noted that the Housing Services Manager was asked if he could confirm the number of arrears cases – he noted that we have stock of approximately 2,000 and approx. 1,200 cases (from 1p upwards). It was pointed out that approximately 50% of these were technical arrears (awaiting benefit payments) and timing of when reports are run plays a large part.</p>	Note
<p>5.6 Noted that the auditor was asked how the cases were selected and was advised that it was a random selection covering all values and patches.</p>	Note
<p>5.7 Noted that the members briefly discussed the Audit Plan and agreed that it may be of more use to have fewer audits carried</p>	Note

	out over a longer period of time.	Action Required
	Payroll	
5.8	Noted that Members were advised that the way we do payroll has changed with a new team working on it. He explained that there had been various changes, a 100% check was carried out to give us a degree of assurance that the way we were doing payroll now was the right way for going forward.	Note
5.9	Noted that the work undertaken during the audit was highlighted and it was noted that Payroll function received a Strong level of assurance with 2 recommendations (against an average number of 5 in similar audits). <ul style="list-style-type: none"> ▪ Medium – Recommend that both members of the Payroll Team have their own log in for the Sage Payroll System to ensure accountability when changes are made. ▪ Low – Recommend that all payroll reconciliations are frequently and timeously checked and approved by the Finance Manager. 	Note
5.10	Noted that it was confirmed to the meeting that both of these recommendations had been implemented immediately.	Note
5.11	Noted that the Chief Executive explained to members that the three year audit plan which had been approved at the July meeting was open to change.	Note
5.12	Noted that one member suggested that we look at less audits with more time/sample sizes on remaining subjects: <ul style="list-style-type: none"> ▪ Maintenance – Planned/Reactive/Cyclical 4 days – trim it down to 1 subject – Reactive and look at in depth. It was noted that we are entering the final year of the current contract and it would allow us to identify and areas that need to be adjusted should we have to go to tender. ▪ Health and Safety/Gas Servicing – noted that Gas servicing is a top priority and we failed on 3 properties this year. It was suggested that as we have a new 	Note

contractor, we concentrate purely on the gas servicing as we are judged as an organisation on this and it has a direct impact on people.

**Action
Required**

- Human Resources – as we outsource most aspects of our employment law to specialist advisors (Mentor) who check everything for us, it was put to members that we sacrifice this audit from the 2018/19 plan and move the days to gas servicing (unless anything specific arose).

5.13 **Noted** that the Audit Committee supported the above proposals and agreed that the updated Audit Plan should be discussed at the next Audit Committee Meeting in March,

Approve

6. MEETING IN PRIVATE WITH INTERNAL AUDITOR

6.1 **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

7. POLICY REGISTER

7.1 **Noted** that the Chief Executive told the meeting that the Social Media Policy is with Mentor for updating as part of the integration with the employee handbook.

Note

7.2 **Noted** that it was acknowledged that the Employment Policies were due for review but that the Chief Executive is working with Mentor to imbed these policies into an Employee Handbook. It was hoped that this would be finalised by early summer 2018.

Note

7.3 **Noted** that the Data Protection and Document Management policies will be reviewed to take account of GDPR. It was noted that we are at the start of this process and will be working through it with the SFHA templates and guidance (still to be published).

Note

7.4 The Audit Committee **noted** the contents of the updated policy register.

Noted

8. REGISTERS	Action Required
<p>8.1 <u>Noted</u> that there had been the following entries in the registers since the past meeting of the Audit Committee:</p> <ul style="list-style-type: none"> ▪ 2 items recorded in the Entitlements, Payments and Benefits Register ▪ 9 entries in the seal register - all for Share Certificates <p>There have been no entries to any of the other registers since the last Audit Committee meeting.</p>	Note
<p>8.2 <u>Noted</u> that the Chairman signed the registers following the meeting.</p>	Note
9. ANY OTHER COMPETENT BUSINESS	
<p>9.1 <u>Noted</u> that there was no Other Competent Business:</p>	Note
10. DATE OF NEXT AUDIT COMMITTEE MEETING	Note
<p>10.1 <u>Noted</u> that the next Audit Committee meeting will be held on 12 March 2018.</p>	