

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 11 March 2019 at 6.00pm in the Board Room, Corn Exchange, 200 High Street, Dalkeith

PRESENT: Glen Alexander (via Telephone)
Donna Bogdanovic
Paul Cameron
Robert Jack
Clare Marshall

IN ATTENDANCE: Andrew Noble, Chief Executive
Stephen Pringle, Wylie & Bisset
Mary Monteith, PA to Chief Executive (Minute)

G ALEXANDER IN THE CHAIR

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| 1a | OPENING REMARKS | Action
Required |
| | The Chair welcomed everyone to the meeting, especially the representative from our Internal Auditor, 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 the Chief Executive and Chief Operating Officer declared that they are Directors of Ironmills Development Ltd. | Note |
| 1d | APOLOGIES | |
| | <u>Noted</u> that apologies were received from Caron Quinn and Morag MacDonald. | Note |

2 MINUTE FROM PREVIOUS MEETING 14 JANUARY 2019 AND MATTERS ARISING **Action Required**

2.1 **Noted** that the Chair took members through the minutes and these were **approved** by Glen Alexander and seconded by Clare Marshall **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 advised that the revised guidance has been issued and is available in the Document Library in VBR. He highlighted the following: **Note**

- The new guidance came into force on 8 March 2019
- Changes to how disposal are dealt with ie. now submitted through the Portal
- Now need to advise change in internal or external auditor using notifiable events portal.

3.2 **Noted** that as reported – we have no notifiable events. **Note**

3.3 **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**

3.4 The Audit Committee **noted** the contents of this report. **Note**

4 INTERNAL AUDIT REPORTS 2018/2019

4.1 **Noted** that the Auditor from Wylie + Bisset took members through the reports of the recent audit reports and highlighted the following for all reports: **Note**

- Purpose of Review
- Scope of Review
- Work Undertaken

Planned Maintenance	Action Required Note
<ul style="list-style-type: none"> ▪ Overall conclusion was a Strong level of assurance with 2 low level recommendations and 7 areas of best practice noted. Stephen noted that this was lower than most other Housing Associations. 	
<p>4.2 Noted that although they were unable to attend the meeting, the Chair advised that one member had submitted some comments on the Planned Maintenance Report.</p>	Note
<ol style="list-style-type: none"> 1. Under “Work Undertaken” it is stated that “A review of the data used as a basis for the planned maintenance programme to determine the robustness”. It was noted that they could not find within the rest of the report the approach adopted to review the base date, to assess its robustness and the outcome of the assessment. It was asked that the auditors go back over their notes and update the report with this detail. The Auditor explained that they had looked at the planned maintenance programme, Life cycle, budgets and approvals, but that they would be happy to ensure more detail is added to the report. Members approved this approach. 	Note
<ol style="list-style-type: none"> 2. Tests – the report stated that 20 different installations and 25 invoices were tested. It was requested that evidence of this (their testing table) be attached to the back of the report. The Auditor noted his surprise at this request and that auditors would normally highlight any errors but that he had never seen a testing schedule attached to an audit report. It was pointed out that there was a need to be careful with personal information. He advised that he would seek advice from his Partners on this matter. The Chair commented that he felt that this may be too much information. 	Note
<p>It was felt that perhaps the member who raised the query was looking for the reassurance that this information could provide. It was acknowledged that this detail could be provided to management if necessary. One member asked how this would impact with regards</p>	Note

4.3 to GDPR. The Chief Executive explained that names couldn't appear on the report but that info could be shared with Regulator and External Audit. He also highlighted that Freedom of Information comes into effect later this year. **Action Required**

Following some discussion, the Audit Committee agreed that summary information be added to report. **Agree**

4.4 **GDPR**

Noted that the Auditor highlighted the following from the GDPR Audit Report: **Note**

- Overall Conclusion was Substantial
- 2 Medium recommendations (lower than the average number)
- 5 areas of good practice
- 2 recommendations accepted by Management and implementation dates set

4.5 **Noted** that the Chief Executive advised that there is a meeting arranged for 12 March to discuss an IT Upgrade. **Note**

4.6 **Noted** that with regards to cleansing of data it was explained that a lot of paper files had been destroyed but we are currently working with our Document Management System providers to work out how we progress with the removal of electronic data files. **Note**

Follow Up Review 2018/2019

4.7 **Noted** that the Auditor told the meeting that this review looked at all of the outstanding recommendations and noted the following: **Note**

- 4 recommendations fully implemented
- 2 recommendations partially implemented
- 1 recommendation superseded

4.8 **Noted** that the Chief Executive advised that the two partially implemented recommendations are policies which are currently **Note**

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| | being worked on with our IT consultants and have implementation dates of 30 April 2019. | Action Required |
| 4.9 | <u>Noted</u> that Wylie + Bisset were appointed on a 3-year with a plus 2 year option – to allow the Committee discuss moving into year one of the 2 year extension, the Auditor left the room. | Note |
| 4.10 | <u>Noted</u> that the Chief Executive confirmed that whilst he had found Wylie + Bisset to be very efficient with reports being received quickly, this was ultimately an Audit Committee decision and Members needed to be satisfied with the level of reassurance given by them. | Note |
| 4.11 | <u>Noted</u> that it was asked if we would tender for Internal Audit Services after the two years – the Chief Executive confirmed that we would go to tender after the extension period. | Note |
| 4.12 | <u>Noted</u> that the Committee discussed this matter and one member noted that whilst they are happy to support the extension to the contract, it may have been useful to have a report on performance, costs etc. It was also noted that given the introduction of Assurance Statements, continuity of service may prove to be very useful. | Note |
| 4.13 | <u>Noted</u> that the Audit Committee agreed that they were happy to extend Wylie + Bisset’s appointment for a further two years. The Auditor rejoined the meeting at this point and the Chair relayed the Committee’s decision to him. | Approve |

Internal Audit Plan 2019/20

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| 4.14 | <u>Noted</u> that the Chief Executive explained that we are now at the end of our 3 year internal audit plan and we need to look at setting priorities for the next two years. This will allow a programme to developed for approval at the Audit Committee meeting on 29 July 2019. | Note |
| 4.15 | <u>Noted</u> that the Auditor highlighted what subjects had been covered to date. | Note |
| 4.16 | <u>Noted</u> that a member pointed out that there had been changes in procurement recently and it was noted that one member | Note |

	would be pleased to see Fire Safety covered.	Action Required
4.17	Noted that the Auditor explained that he was looking for input from the Committee and he would then meet with the Chief Executive to draw up a programme broken down into year 1 and year 2. The following subjects were suggested: <ul style="list-style-type: none"> ▪ Development ▪ Allocations ▪ Void ▪ EESSH Compliance ▪ IT ▪ Budgetary ▪ Risk Register 	Note
4.18	Noted that it was agreed that draft programme would be drawn up and it would be sent out in advance of the next meeting to allow members time to comment.	Note
4.19	The Audit Committee noted the contents of this report and approved the preparation of a future Internal Audit Plan	Note
5.	MEETING IN PRIVATE WITH INTERNAL AUDITOR	
5.1	Noted that in line with good practice, staff members left the meeting to allow audit committee members to meet in private with the internal auditor.	Note
6.	ARC SCRUTINY REPORT 2019	
6.1	Noted that it was explained that we are aiming to complete this year's ARC Return by Friday 10 May 2019 and seek approval from the Board at their meeting on 22 May to submit the information.	Note
6.2	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
6.3	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

		Action Required Agree MM to action
6.4	The Audit Committee noted the content of this Report and agreed to the scrutiny of the ARC. Dates to be finalised and circulated to members	
7.	RISK MAP	
7.1	Noted that members were updated on the Risk Map and advised that there had been no major changes since it was presented in January, but it was pointed out that Brexit was added in as a medium risk.	Note
7.2	Noted that it was highlighted that we have been in contact with our contractors regarding any issues that may arise regarding Brexit. Our gas contractor has advised that they have two lines of supplies in place. It was noted that we are as prepared as we can be.	Note
7.3	Noted that in response to a query, the Auditor confirmed that no audit plan he had seen had Brexit on it.	Note
8.	POLICY REGISTER	
8.1	Noted that members asked about the progress on the Mentor Handbook that would replace the employment policies. It was explained that the Chief Executive had a draft of the handbook but that needs to await the outcome of the consultation on terms and conditions to finalise it. A member asked about timescales for this and was advised it was hoped to be completed by mid to late summer.	Note
8.2	Noted that the Chief Executive updated on members on the process for reviewing policies: <ul style="list-style-type: none"> ▪ Minor changes are circulated to Senior Management Team for review and approval ▪ Significant changes to policies will be presented to Board for review and approval 	Note

	Action Required
8.3 <u>Noted</u> that a member queried if the introduction of RRTP will bring forward the review dates for some of our policies. It was confirmed that it would.	Note
8.4 The Audit Committee <u>noted</u> the contents of the updated policy register.	Noted
9. REGISTERS	
9.1 <u>Noted</u> that there had been the following entries in the registers since the last meeting of the Audit Committee:	Note
<ul style="list-style-type: none"> ▪ 5 items recorded in the Entitlements, Payments and Benefits Register 	
9.2 <u>Noted</u> that there have been no entries to any of the other registers since the last Audit Committee meeting.	Note
9.3 <u>Noted</u> that registers were signed following the meeting.	Note
10. ANY OTHER COMPETENT BUSINESS	
10.1 <u>Noted</u> that there was no Other Competent Business.	Note
11. DATE OF NEXT AUDIT COMMITTEE MEETING	
11.1 <u>Noted</u> that the next Audit Committee meeting will be held on 29 July 2019	Note