

Minutes of the Audit Sub Committee Meeting held on Wednesday 01 February 2017 at 10:00 a.m. at Leving House, Livingston

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<b>Present:</b> Frances Wood (Convener) Bob McDougall Grant Carson Stan Rae	<b>In attendance:</b> Julia Fitzpatrick Isla Gray Lorraine Utterson Carol Bonham Michelle Proust (Minutes)
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#### **197 DECLARATIONS OF CONFLICT OF INTEREST**

There were no declarations of interest.

#### **198 APOLOGIES**

Apologies were received from Bob Hartness and Douglas Taylor. In Bob Hartness's absence, Frances Wood convened the meeting.

#### **199 MINUTES OF THE MEETING OF 6 JULY 2016**

The minutes were duly approved as a true record of the meeting.

**Moved:** Frances Wood

**Seconded:** Bob McDougall

#### **200 MATTERS ARISING**

There were no matters arising that were not covered on the Agenda.

#### **ITEMS FOR DEBATE / DECISION / ACTION**

#### **201 Rents and Service Charges Review**

Members discussed the previously circulated report with the following proposals made:

- Amend the proposed rent increase assumption from 2.2% to a lower rate of 2% increase for rents, service charges, occupancy charges and factoring fees in 2017-18.
- Similarly amend the proposed increase to management and maintenance charges only for Access Ownership properties.  
The Committee supported the recommended increase of 3.2% for leased properties.

**Decision:**

The Audit Sub-Committee recommended the aforementioned amendments and that appropriate adjustment to be made to annual budget and projections. On the assumption that the recalculated projections support the affordability of a 2% increase, the Committee recommended the Board's approval of the lower rate of increase to rent and service charges.

**202 Draft Annual Budget, 5 & 30 Year Financial Projections**

Members discussed the previously circulated report and accounts. The following amendments were requested:

- Factor in to the accounts the impact of the proposed 2% increase to rent and to the management and maintenance charges for Access Ownership prior to presentation to the Board in February.
- As a point of clarity, at Appendix 7 remove the detail around Staff Cost of Living
- Clarify the narrative and figures on Page 18 which relate to Wallace Court and the annual cycle budget – bullet point 4.
- Correction to the figures on page 19, Loans and Cash, in paragraphs 2 and 5.

**Decision:**

The Audit Sub-Committee recommended that the Draft Annual Budget, 5 & 30 Year Financial Projections, with the aforementioned amendments, be presented to the Board for approval.

**203 Nationwide Building Society – Expiry of Fixed Rate**

Members discussed the previously circulated report which considered the future interest rate options for the recently expired fixed rate deal on a loan with Nationwide Building Society.

The Committee took assurance that the value of the loan in question is relatively low, and retaining it at a variable 3 month Libor rate still comfortably protects Horizon's overall exposure to interest rate risk.

**Decision:**

The Audit Sub-Committee recommended to the Board that the loan be allowed to revert to variable rate meantime.

**204 Bad Debt Write Off Report**

Members considered the previously circulated report.

A correction to one of the figures was noted:

- Page 54, point 2.2 – Figure to be corrected to £2636.23

It was suggested that during the 2017 review of the standing orders for the Audit Sub-Committee the Board give consideration to whether it wishes the Committee to add to its remit approval of write offs, and remove the necessity of consideration by the Board.

**Decision:**

The Audit Sub-Committee recommends to the Board that the debts noted in the report are written off.

The Audit Sub-Committee suggests that the Board give consideration to delegating authority to approve write offs to the Audit Sub-Committee, removing necessity of consideration by the Board.

**ITEMS FOR PERFORMANCE AND RISK MANAGEMENT AND MONITORING**

**205 Management Accounts – 1 April to 31 December 2016**

The Committee discussed the previously circulated report and accounts, noting that these were acceptable at this point in the financial year.

As a matter of presentation, a request was made for the accounts spread sheets to be presented in future with a grid reference present to enable ease of reference to specific figures during discussion.

**Decision:**

The Committee recommend approval of the Management Accounts for the period 1 April 2016 to 31 December 2016 and recommended these be presented to the February Board meeting for approval.

**206 Loan Covenant Compliance Report – December 2016**

The Committee noted the previously circulated report detailing that the Loan Covenants continue to be met.

**207 Internal Audit Reports and Monitor**

Members discussed the previously circulated report which included the action monitor reports for 2015 and 2016, and the audit findings presented in the Horizon Housing Association Block Review 2016/17 by TIAA.

The Committee noted that a number of recommendations made in the Block Review 2016/17 had already been completed. Moving forward the Committee will be presented with a monitoring report on the progress against the recommendations set out in the Review.

It was noted that the recommendations relating to Gas Safety focused on administrative and procedural improvements. Assurance was taken from the

management comments that the actions relating to these recommendations were either completed or in hand.

**Decision:**

The Audit Sub-Committee noted the findings of the Block Review and approved the management responses and timescales.

**208 Risk Register Monitor and Review**

The Committee noted the previously circulated paper and the table monitoring the top risks from the risk register.

**Decision:**

The Committee noted the content of the report and agreed to a detailed review of the full risk register in context with the approved Business Plan at the Audit Sub-Committee meeting in May.

**FOR NOTE**

**209 Link Group Procurement Strategy**

Members considered the previously circulated paper and Link Group's Procurement Strategy.

**Decision:**

The Audit Sub-Committee recommends that the Link Group's Procurement Strategy be provided to the Board for information, and that it also be made accessible on the Extranet for reference.

**210 Business Continuity Policy**

Members considered the previously circulated paper and the revised Business Continuity Policy which forms part of Link Group's, and thereby Horizon's, overall Risk Management Strategy.

**Decision:**

The Audit Sub-Committee recommends to the Board that with the overarching Business Continuity Policy in place there is no requirement to develop a separate policy for Horizon.

**211 ANY OTHER BUSINESS**

There were no items of any other business.

**212 DATE OF NEXT MEETING**

The next Audit Sub Committee will take place on Wednesday 10 May 2017.