

## Meeting Minutes

### Audit Committee Meeting

Wednesday 4 July 2018 at 10.00am in the Leving House, Livingston

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<b>Present:</b>	Bob McDougall (Convener)	<b>In attendance:</b>	Isla Gray
	Bob Hartness		Lorraine Utterson**
	Dougie Taylor		Carol Bonham**
	Frances Wood		Audrey McPherson**
	Janice Flanagan		Natalie Dyce, KPMG*
	Jean Hamilton		Michelle Proust (Minutes)

\*Items 292 to 294 only

\*\*Except Private/Reserved items 298.2 and 299, and item 300

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#### 288 WELCOME AND APOLOGIES

Bob McDougall welcomed everyone to the meeting. Apologies had been received from Stan Rae.

#### 289 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### ITEMS FOR DEBATE/DECISION/APPROVAL

#### 290 MINUTES FROM THE MEETING HELD ON 16 MAY 2018

The minutes of the previous meeting were confirmed as an accurate record.

**Proposed: Bob Hartness**

**Seconded: Frances Wood**

#### 291 MATTERS ARISING

##### 284.2 Risk Register Monitoring: Manging Director Vacancy

It was noted that presently no update was available regarding the Link Group Options appraisal process and outcomes. Anna Evans would be meeting with

the Link Group Chair this morning and an update would be provided at the Horizon Board meeting on 12 July 2018.

There were no other matters arising from the minute of the meeting held on 16 May 2018.

**292 FINAL MANAGEMENT ACCOUNTS 1 APRIL 2017 – 31 MARCH 2018**

The committee reviewed the previously circulated accounts.

It was noted that there was a significant variance between budgeted surplus and final year end surplus figures. Further to the explanation provided within the cover report, Carol Bonham confirmed that the higher year end surplus figure reflects a significantly lower interest payable than was originally budgeted due to new loan funding of £1 million not being required. Additional savings were the result of the LIBOR interest rate on Horizon's variable rate loans being lower than budgeted.

The Board were satisfied that the budget in principle had been realistically set based on the organisations aspirations and anticipated projects at that time, and that the variations from budget to final accounts reflected reasonable changes.

**Decision:**

The Audit Committee recommended the Management Accounts to the Board for approval.

**293 AUDITED REPORT AND FINANCIAL STATEMENTS FOR THE YEAR END 31 MARCH 2018**

The members received a revised version of the previously circulated detailed report and financial statements. The revised documents reflected a late change amounting to £10K in regard to specific grant funding from Disability Research on Independent Living and Learning (DRILL), and the requirement to both ringfence and to establish a restricted reserve for the balance of these funds.

It was noted that external auditors, KPMG, were satisfied with the revisions.

**Decision:**

The Audit Committee recommended the Financial Statements to 31 March 2018 to the Board for approval.

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## EXTERNAL AUDIT HIGHLIGHTS MEMORANDUM 2018

Natalie Dyce, KPMG, was invited to comment on the previously circulated Audited Highlights Memorandum. Natalie confirmed that the Audit is now complete, and that KPMG anticipates issuing an unqualified audit opinion for the year on the Associations financial statements.

Natalie confirmed that the report in front of the Committee today would be updated in light of the amendments to the accounts that had been highlighted in previous discussion regarding the £10K of DRILL funding.

Proof reading and correction to figures in the Underlying Financial Performance pages would be carried out prior to submission to the Board.

The Committee commended the finance team on the diligence and hard work that has enabled the Association to achieve an unqualified audit opinion.

In relation to the Audit Quality AQR Report – All Firms, page 12, the Committee noted KPMG’s performance was poorer than expected. Natalie acknowledged that KPMG themselves were very disappointed with their results, and that they recognise the importance of restoring trust in the quality of their audits, and that actions are already being implemented to put right the issues identified, detail of this being set out in their report.

Bob McDougal thanked Natalie for her attendance at the Committee.

### **Decision:**

Subject to the above-mentioned amendments, The Audit Committee received the report and recommended a response to KPMG by the Board.

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## AUDTORS LETTER OF REPRESENTATION 2018

Members considered the previously circulated letter of representation.

### **Decision:**

The Audit Committee recommended the Letter of Representation of the Board for approval.

## ITEMS FOR PERFORMANCE AND RISK MANAGEMENT AND MONITORING

### 296 HEALTH AND SAFETY AUDIT REPORT

The previously circulated report and action plan were considered.

In response to queries from the Committee, Isla provided further clarification on the audit process, staff involved, and evidence that has been provided to the auditors since the printing of the report presented today.

It was noted that the Action Table would be subject to further updates.

#### **Decision:**

With the above updates in mind, the Committee noted the audit report and agreed the actions as proposed in the appended Audit Action Plan.

### 297 INTERNAL AUDIT REPORTS & MONITORING

The previously circulated report was considered, and it was noted that the majority of outstanding actions would be completed upon publication of the new Tenant Handbook. Publication was anticipated within the next two months.

#### **Decision:**

The Audit Committee:

- Note the progress detailed on the action monitor and agree the revised completion dates and follow on actions as proposed in the appended reports, and
- Approve the proposed areas for the block review to be carried out in November.

### 298 RISK REGISTER REVIEW

#### **298.1 Top Risk Monitoring**

The Committee noted the previously circulated report.

*Lorraine Utterson, Carol Bonham, and Audrey McPherson were excused from the meeting, prior to consideration of the Risk Register relating to the Manging Director Vacancy and Private/Reserved Business.*

## **ITEMS OF PRIVATE/RESERVED BUSINESS**

*The following two items were considered to be Private/Reserved Business and a separate Confidential Minute produced. Isla Gray and Michelle Proust were the only members of staff present*

**289.2          RISK REGISTER REVIEW: Managing Director Recruitment**

**299             CARE AND REPAIR: WEST LOTHIAN**

**300             ANY OTHER BUSINESS**

There were no items of other business arising.

Date of the next meeting

**The date of the next meeting is Wednesday 7 November 2018 at 10:00 a.m. in Livingston.**