

## Meeting Minutes

### Audit Committee Meeting

Wednesday 7 November 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		Anna Evans
	Dougie Taylor		Elaine Whyte*
	Frances Wood		Carol Bonham*
	Janice Flanagan		Michelle Proust (Minutes)
	Jean Hamilton		
	Stan Rae**		

\*Except Private/Reserved items 303 and 304

\*\*Joined meeting at item 307

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#### 301 WELCOME AND APOLOGIES

Bob McDougall welcomed everyone to the meeting. There were no apologies. However, it was noted that Stan Rae would be late arriving to the meeting.

#### 302 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### PRIVATE/RESERVED BUSINESS

*The following two items were considered to be Private/Reserved Business. Isla Gray, Anna Evans and Michelle Proust were the only staff members present.*

#### 303 CONFIDENTIAL MINUTES FROM THE MEETING HELD ON 11 JULY 2018

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

**Proposed: Bob Hartness**

**Seconded: Jean Hamilton**

#### 304 CONFIDENTIAL MATTERS ARISING

There were no matters arising from the confidential minutes of the previous meeting that were not already covered on agenda.

## ITEMS FOR DEBATE/DECISION/APPROVAL

*Staff members, Elaine Whyte and Carol Bonham joined the meeting.*

### **305 MINUTES FROM THE MEETING HELD ON 11 JULY 2018**

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

**Proposed: Bob Hartness**

**Seconded: Jean Hamilton**

### **306 MATTERS ARISING**

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

### **307 MEMBERSHIP OF THE AUDIT COMMITTEE**

*Stan Rae joined the meeting.*

The Committee considered the previously circulated report which set out advice from the Financial Reporting Council (FRC) and The Institute of Chartered Secretaries and Administrators (ICSA) regarding membership of the Audit Committee, and included a suggested revision to the Standing Orders in regard to the Chair of the Board's attendance at Audit Committee Meetings.

The Committee discussed the report in detail and took a broad view of the pros and cons of the Chair of the Board also being a member of the Audit Committee.

The Committee noted the reasoning for it being good practice that the Chair of the Board can attend Audit Committee as an observer but not as a member of the Committee. And it was recognised that this would be a beneficial position to adopt in the case of an overbearing Chair.

However, after due consideration of the recommendations, the Committee concluded that the current arrangement with the Horizon Board Chair also being a member of the Audit Committee works very well, and that Frances

Wood's contributions to the Audit Committee have been beneficial and useful. Frances also intimated the benefit she has gained as Chair from being actively involved in the Audit Committee especially in relation to items of business that have been reviewed at Audit Committee and then taken to the Board.

**Decision:**

Bob McDougall called for a vote on the matter, Frances Wood abstained from the vote, and there was unanimous agreement to maintain the current arrangement with the Board Chair remaining a member of the Audit Committee.

**308 BAD DEBT WRITE-OFF – HALF YEAR REVIEW**

The Committee considered the previously circulated report seeking approval for the write-off of bad debt and former tenant credits under the Management and Collection of Debts Policy.

**Decision:**

The Committee approved the write-off of the debts detailed in the report.

**309 MANAGEMENT ACCOUNTS Q2**

The Committee reviewed the previously circulated accounts.

**Decision:**

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

**310 RENT POLICY REVIEW**

The Committee considered the previously circulated report which presented the initial findings of the rent and service charges review, outlining the proposed timetables for consultation and included a draft of a revised rent policy.

**Decision:**

Following detailed consideration of the implications of each strategic option set out within the paper, the Committee agreed the following:

1. Proceed as described under Strategic Option 2 – Modernise the current integrated rent policy and fully implement it.
2. Plan to implement this for April 2020

3. Support the broad principles set out for revision to the points system
4. Conduct consultation with tenants
5. Produce a sensitivity analysis report
6. Report back to Audit and Board in due course.

## **311 SCOTTISH HOUSING REGULATOR CONSULTATION RESPONSE**

The Committee reviewed the previously circulated summary response to the Scottish Housing Regulator consultation on proposals for how it regulates social housing in Scotland.

The summary had been previously circulated to all Board members for comment and Anna Evans advised the Committee that feedback received had been taken on board and was supportive of the statement presented to the Committee.

### **Decision:**

The Audit Committee, with comment from the Board, approved the comments from Horizon to be incorporated in the Link Group response to the regulator.

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

### **312 TREASURY MANAGEMENT MID-YEAR REVIEW**

The Committee considered the previously circulated Mid-year Treasury Management Review, in line with Treasury Management Policy requirements.

The report demonstrated a healthy cash flow position for the next 12 months ahead, and that loan funding is well within the set parameters for fixed and variable loans. In response to a member's question, Carol Bonham advised the Committee that the cash flow figure of £1 million was prudent and best practice.

Committee noted the detail contained within the report..

### **313 TOP RISKS REVIEW**

Members considered the previously circulated report which reviewed the risk register approved by the Board in June 2018, focusing on the "top risks",

drawing to the Committee's attention areas of change in recent months which impact on these and other risks.

The risks reviewed were associated with Data Protection and GDPR, loss of income, and inability to provide adaptations for our tenants.

There were no recommendations for significant change in risk levels and the Audit Committee noted and approved the current risk register.

### **314 INTERNAL AUDIT REPORTS AND MONITOR**

The previously circulated report and action plan were considered, and the Committee noted the update on the scope and reporting timescales for the 2018 block review

#### **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,
- Approved the removal of completed items from the internal audit action plan.

### **315 LOAN COVENANT COMPLIANCE Q2**

The Committee noted the circulated report and were content that all requirements continued to be met.

### **316 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 February 2019 at 10:00 a.m. in Livingston.**