

Meeting Minutes
Audit Committee Meeting
Wednesday 04 November 2020 at 10.00am via Microsoft Teams

Present: Jean Hamilton (Convener)	In attendance: Lorna Cameron
Bob Hartness	Craig Russell
Bob McDougall	Carol Bonham
Frances Wood	Michelle Proust (Minutes)
	Rachael Docking (observing)
	Jane Petty (observing)

Due to the current restrictions in place due to the Covid-19 pandemic, this meeting was held remotely, via Microsoft Teams.

411 WELCOME AND APOLOGIES

Jean Hamilton welcomed everyone to the meeting. It was noted that Committee member, Douglas Taylor, is currently on a leave of absence and hopes to return in the new year.

Prospective new members of the Board, Rachael Docking and Jane Petty were in attendance to observe the meeting, and both were welcomed by the Committee.

412 DECLARATIONS OF INTEREST

None.

413 CONFIDENTIAL MINUTES OF THE MEETING HELD ON 09 JULY 2020

Approved as an accurate record.

Moved: Bob McDougall; Seconded: Frances Wood

414 MATTERS ARISING

No matters arising not covered on the action register or on the agenda.

ITEMS FOR DEBATE/DECISION/APPROVAL

415 MINUTES FROM THE MEETING HELD ON 13 MAY 2020

Approved as an accurate record.

Proposed: Bob McDougall; Seconded: Frances Wood

416

MATTERS ARISING

No matters arising not covered on the action register or on the agenda.

417

BAD DEBT WRITE-OFF REPORT – HALF YEAR REVIEW

This report requested approval to write off bad debt under the Management and Collection of Debts' Policy.

Further background was provided on the procedures in place to identify tenants at risk of falling into debt, and the steps taken to mitigate the risk to the Association. Housing Officers and the Tenancy Sustainment Team play a central role in identifying and mitigating debts and specific additional background was provided on three cases of former tenant debt included in the report. The Committee was satisfied that all due process had been followed.

It was also noted that, due to the relatively small size of Horizon's operations, it is still possible for staff to know many tenants personally which is valuable in establishing and maintaining relationships where conversations about financial difficulty can be open, productive and beneficial to all parties.

The Committee would be interested to know more about the costs, calculation of fees, and the processes employed by debt collection agencies to recover the debts owed to Horizon. This would be investigated, and the information circulated to the Committee once available.

Information was provided on the 2019/20 write-off amounts, which were comparable to this year's figures. This comparative information will be included in future reports.

Lorna advised members that managers were developing a quality assurance framework to sit within our Key Performance Indicators' report and that this would include tenant debts and arrears re-payments. Analysis is also underway of previous cases of bad-debt write-off to identify issues and lessons learned.

It was recognised that the circumstances that lead to financial difficulty, or to the abandonment of a tenancy, are both complex and personal. The focus at Horizon has always been, and will continue to be, helping people to sustain their tenancies.

The Committee requested an update on the work that was started at the beginning of lockdown to contact all Horizon's tenants during the year and a progress report would be provided at the December meeting of the Board.

Decision: The Committee approved the write-off of the debts detailed within the report, totalling £19,125.72.

418 MANAGEMENT ACCOUNTS Q2 – 1 JULY 2020 TO 30 SEPTEMBER 2020

The Committee considered the Management Accounts for period ending 30 September 2020.

Officers clarified that the apparent low spend on adaptations budget is due to a combination of demand and reduced assessments due to Covid19 restrictions.

The Committee requested that the pattern of work flow and spend be investigated to see if steps could be taken to complete more adaptations earlier in the financial year and avoid the lag in spending in the first half of the year.

Assurance was given that there is no current risk of loss of funding due to the underspend or delay in completing the work.

It was recognised that in the current pandemic, individuals may have reservation on having work carried out in their homes at this time, and that this could further impact on timely completion of projects and associated spend. Lorna reported that the number of instances of denied access due to 'shielding' had to date been very low. Additional assurance was provided that all Horizon staff and contractors are adhering to government guidelines on safe ways of working. Ensuring the safety of tenants and staff remains at the forefront of any planned works.

It was requested that future reports provide further narrative on adaptations spend, to provide insight on the reasoning behind the timing of works and greater explanation on any lag in spend on the budget.

Regarding planned maintenance, it was confirmed that all planned maintenance is expected to be completed within the year.

In response to a query on the two vacant posts detailed in the accounts, the Committee were advised that one of these is a part-time customer service post which has now been filled. The other, a full-time property services officer post

that remains vacant, is the subject of a departmental review to establish ongoing requirement for the post.

Four further points of additional information were provided during the meeting:

- Regarding surplus on ordinary activities - this does include interest payable
- Regarding Forecast Outturn for 2020/21 - this includes known savings to date for the year
- Regarding cash balance - this is expected to reduce as the planned maintenance programme is completed
- Regarding pension liability - the next valuation is Sept 2021 with changes if any agreed in 2022. It was agreed that future reports would also include the figures from the previous year, also excluding pension liability, to provide a point of reference for the Committee.

The Committee highlighted that, considering the wide geographic spread of Horizon properties, staff need to be careful when moving between local authority areas with differing tiers of restrictions in place. Assurance was provided that all work currently being undertaken was in line with the current guidance and that staff continue to work within health and safety guidelines with appropriate PPE.

Decision: The Committee recommended the management accounts for the period 1 April 2020 to 30 September 2020 to the Board for approval.

ITEM FOR PERFORMANCE AND RISK MANAGEMENT AND MONITORING

419 TREASURY MANAGEMENT – MID-YEAR REVIEW

Carol provided clarification on several points:

- Regarding reinvesting surplus cash – the cash balance not required is moved to investment account
- Horizon's loans – advice from Link remains as it was in August. The current variable rate remains the most favourable option for Horizon's current borrowing. However, if the Board wished to consider a fixed rate, advice would be to look at a 2-year term. Audit Committee was supportive of remaining on a variable rate until such time it is more favourable to move to a fixed rate.
- It was confirmed that Link make their decisions using a combination of inhouse expertise and external treasury management advisors.

Carol was thanked for the additional information, and the Committee noted the information contained within the report.

420 RISK REGISTER MONITOR AND TOP RISK REVIEW

The Committee reviewed the updated risk register and list of priorities.

It was noted that of the 6 risks identified as 'Priority 1', scrutiny of 5 of those areas was currently embedded in various financial reports that are considered by the Committee and Board. The sixth risk, relating to housing inequalities, would be scrutinised by the Management Team during their weekly key monitoring meetings, with any matters of concern reported to the Board if or when they arise. Recommendations had also been received from Board member Susie Fitton, on improvements that could be made to the Risk Register around accessibility and inequalities, and these would be incorporated.

Decision: The Committee noted the revised Risk Register and approved the Priority 1 risks.

421 HEALTH AND SAFETY UPDATE – STATEMENT OF INTENT ACTION PLAN

This report provided information on health and safety matters arising in the year. It also provided an update on the actions from the previous Health and Safety audit to enable review and revision of targets where appropriate, and it introduced the Statement of Intent Action Plan.

The Committee was advised that the Link-wide review of the Health and Safety Strategy is under consideration by the Senior Management Group (Link), with all partner organisations and business areas providing information on the monitoring of health and safety in their areas. This work also includes how mandatory training is delivered, and many relevant policies are also under review. Updates would be provided to the Horizon Board as the work around these progresses.

It was also confirmed that an asbestos survey carried out in June had established that there is no asbestos present in Leving House.

The Committee was advised that the Asset Tool Register would be carried out in two stages. Tools held in company vans would be fully registered by January, and the register of equipment used by office staff would be completed by March 2021.

The challenges faced by staff as they continue to work from home were appreciated by the Committee, and assurance was provided that through regular discussions between managers and staff, and responses to staff surveys on the experiences and requirements for working from home, that staff are being appropriately supported to work from home safely.

- Decision: The Committee:
- Noted the progress in achieving required health and safety improvements
 - Approved the removal of the completed actions.

422 INTERNAL AUDIT MONITOR REPORTS

This report provided information on progress in meeting internal audit recommendations and provided an update on the scope and reporting timescales for the November 2020 audit reviews.

The Committee noted that all actions from previous internal audits have been completed; and noted the reporting timescales and scope for the 2020 internal audits of gas safety and rent arrears.

423 LOAN COVENANT COMPLIANCE REPORT

This report provided information on progress on compliance with loan covenants. The Committee considered the report and were pleased to note the Association's continued compliance with all loan covenants.

424 ARC (Annual Review of the Charter) CORRECTION

This report notified the Committee of an error in the information submitted to the Scottish Housing Regulator (SHR) in our 2019/2020 return, and the subsequent correction of that information. This related to contextual information on rents per property type.

The report was noted.

425 ANY OTHER BUSINESS

425.1 COMMITTEE MEMBERSHIP

Prospective Board members, who were observing today's Audit committee, were encouraged to consider joining the Committee.

It was noted that a later start time for meetings could be considered to make the meeting more accessible, and further information on the role and remit of the Committee would be provided to all prospective new Board members. Lorna, Jean and Bob would be available to answer any queries from any Board members interested in Committee membership, either by phone or email.

Date of the next meeting

The date of the next meeting is Wednesday 4 February 2021 at 10:00 a.m. venue/platform tbc.