

**Audit and Risk Committee held on 30th July 2020 at 2.00pm
Online Meeting held via Zoom**

Attendance: Fiona Boath (Chair) Margaret Vass Susan Macmillan
Mark Griffiths Cordelia Guidery (Observer)

Staff/Adviser(s) Donna Birrell (CEO)
Kirsty Brown (DCEO/FCSM)
Susan Mackay (CSO, Minute Taker)

Attendance: Allison Devine, Alexander Sloan Auditors (AD, Agenda Item 7.1 only)

<i>Item</i>		<i>Action</i>
1.	<p>Introduction and Apologies</p> <p>The Chair welcomed Allison Devine from Alexander Sloan (External Auditor) for Item 7.1 and Cordelia Guidery who would be observing the meeting.</p> <p>The Chair requested agreement to re-jig the Agenda to allow Item 7.1 to be moved forward to allow Allison Devine to leave the meeting early. This was agreed.</p> <p>The Chair requested that all attendees use the mute function within Zoom as the standard setting during the meeting and only unmute when they wanted to speak. This was agreed.</p> <p>There were no apologies.</p>	
2.	<p>Declarations of Interest</p> <p>Donna Birrell CEO, declared an interest in Item 11 vii) of the Agenda Policy Management, Appraisal and Support of the Senior Officer.</p>	
7.	<p>External Audit</p>	
	<p>7.1 Annual Audit and Accounts 2019/20 – Alexander Sloan</p> <p>AD of Alexander Sloan guided the Committee through three separate reports:</p> <ul style="list-style-type: none"> • Draft Management Letter: 	

In terms of the Draft Management Letter AD explained that this was the report on the audit findings. There were no adjustments identified that were not adopted in the financial statements. There were no control issues identified and all loan covenants had also been met for the year. AD confirmed that the audit work undertaken satisfied Alexander Sloan that the financial statements provided a true and fair view of the Association's affairs, and they had therefore issued an unqualified audit opinion.

AD drew the Committee's attention to the enhanced wording in relation to future covenant compliance and COVID-19. Due to the financial risk arising from the COVID-19 pandemic, more audit work was necessary to confirm going concern and the Committee would not have seen this before. AD noted that the Association had provided additional post year end information in this respect; rent arrears, welfare claims and funding (cash and loan finance). The Association would be updating its financial projections to incorporate the impact of COVID-19 and AD was satisfied with the approach RSHA is taking.

The Committee noted the wording with respect to the level of investment in the Balmaha development which has been capitalised within the Balance Sheet as representing costs of projects in the course of construction. These are pre-contract stage costs. Due to the complex nature of this development these costs are higher than those experienced for other projects. The Association is still to obtain tender approval for grant funding from the Scottish Government with a tender submission expected early August.. Due to the sums involved, this risk of abortive costs, should tender approval not be achieved, needs to be explicit and is rightly referenced in the Management Letter and is also highlighted in the Key Risks Register.

Two words were inverted in the Development Risk update in the Management Letter (page 6), which would be changed for the final version. The following wording was to be revised: *As a result no impairment of these capital costs **considered was necessary***.

- **Draft Financial Statements:**

- AD confirmed that the Accounts were reporting a healthy surplus.
- AD further noted that the Net Current Assets figure was showing as a negative figure. This was due to the significant investment in the Balmaha project to date which had been paid from cash reserves. The audit work undertaken had confirmed that this was not a cause for concern and future cashflows confirmed that the

	<p>Association could continue to meet all liabilities that were falling due.</p> <ul style="list-style-type: none"> ○ The Statement of Cash Flows was talked through by AD and the movements confirmed the healthy cash balance of £899k as at 31 March 2020, an increase from £831k in the prior year. ○ AD confirmed that there were no exceptions to the report. ○ Note 5, page 21: Pension Contributions Paid on behalf of the CEO: The Committee queried the previous year figure and it was confirmed this was an error and would be amended. ○ Note 20, page 29: AD apologised to the Committee for the format/presentation issues which have since been amended. <ul style="list-style-type: none"> ● Letter of Representation: <p>The Committee noted the Letter of Representation.</p> <p>AD thanked RSHA staff for their co-operation and assistance with the audit.</p> <p>The Chair thanked AD and her team of auditors. AD thanked the DCEO/FCSM and the RSHA team for their support and assistance with the audit this year which took place in very challenging circumstances.</p> <p>The Committee recommended the Final Accounts and associated Management Letter and Letter of Representation for approval by the Board.</p> <p>The Committee also agreed to the recommendation to the Board that Alexander Sloan be recommended for reappointment as external auditor at the 2020 Annual General Meeting.</p> <p><i>AD left the meeting at 2.45pm.</i></p>	
3.1	Health & Safety: there were no incidents to report	
3.2	<p>Health and Safety Moment</p> <p>It was noted that the recent outbreak of Legionella was a reminder to all that taps/showers should be flushed out for 5/10 minutes when not used for a week or more. Note was also taken for the need to clean shower heads regularly.</p>	
3.3	<p>Health and Safety Update</p> <p>The Committee queried the length of time that the various ACS templates had been outstanding for on the Action Plan. It was clarified</p>	

	<p>that these have been outstanding from November 2019 and not the date the audit was carried out in 2017. The ADM is continuing to chase ACS for these templates.</p> <p>It was noted that the COVID 19 General Workplace Risk Assessment was not yet available but would be circulated to members as soon as possible.</p> <p>In addition, CEO advised that following the First Minister’s lunchtime Coronavirus briefing the target date for restarting of services/limited opening of office would be week commencing 14th September a week later than discussed at the Office Bearers Weekly Catch up the previous day.</p> <p>The Committee noted and approved the contents of the report and supporting documents.</p>	<p>ADM</p> <p>DCEO/FCSM</p>
4.	<p>4.1 Minute of Audit and Risk Committee Meeting – 30th April 2020</p> <p>The Minute was approved on a motion by Mark Griffiths and seconded by Margaret Vass.</p> <p>4.2 Confidential Minute of Audit and Risk Committee Meeting – 30th April 2020</p> <p>The Minute was approved on a motion by Mark Griffiths and seconded by Margaret Vass.</p>	
5.	<p>Matters Arising Schedule (DCEO/FCSM)</p> <p>Members noted and approved the contents of the report.</p>	
6.	<p>6.1 RSG Key Risks Confidential</p> <p><i>This matter was confidential.</i></p>	
8.	<p>Internal Audit</p>	
	<p>8.1 Update on Internal Audit Reviews</p> <p>The Committee noted that two Internal Audits, Business Continuity and Procurement were scheduled to take place towards the end of August and would not be affected by current resourcing issues.</p> <p>The Committee noted the report.</p>	
9.	<p>Staffing Update Confidential</p>	
	<p>9.1 Confidential Staffing Update</p> <p><i>This matter was confidential.</i></p>	
	<p>9.2 Investors in People – No Report</p>	
	<p>9.3 Confidential Stress Survey 2019 - Action Plan</p> <p><i>This matter was confidential.</i></p>	
10.	<p>Governance</p>	
	<p>10.1 Annual Assurance Statement and Action Plans 2019: End of Year Report</p>	

	<p>The CEO explained that in terms of the Assurance Statement there had been no material movement from the mid-year position reported or material change in the reporting year. The action plans highlighted the key areas for improvement being the Equality and Diversity and Value for Money Strategy work and both of these have been carried forward into 2020/2021.</p> <p>The Committee noted the report.</p>	
	<p>Annual Reviews</p>	
	<p>10.2 Annual Review of Committee Performance The Committee noted and approved the contents of the report.</p>	
	<p>10.3 Annual Review of Schedule of Delegation and Effectiveness The Committee noted and approved the contents of the report.</p>	
<p>11.</p>	<p>Draft Policies for Review and Recommendation to Board</p> <p>The following policies were presented to the Committee in draft:</p> <ul style="list-style-type: none"> ○ Treasury Management Policy ○ Investment Strategy ○ Borrowing Strategy ○ Financial Regulations ○ Entitlements, Payments & Benefits Policy ○ Review of Code of Conduct and Breach Protocol ○ Management, Appraisal, Support and Remuneration of the Senior Officer ○ Information to Tenants and Tenancy Agreement ○ Furnished Premises <p>The Committee recommended that the policies be approved by the Board subject to the following amendments:</p> <ul style="list-style-type: none"> ○ Entitlements, Payments & Benefits Policy: <ul style="list-style-type: none"> ● Anti-Fraud and Bribery Policy to be referenced in documents list. ○ Management, Appraisal, Support and Remuneration of the Senior Officer: <ul style="list-style-type: none"> ● 8.3 Deletion of word accept to read <i>Always seek the advice of EVH on the salary grade and increment range of the CEO.</i> It was felt that the Board should have the power to agree whether to accept advice or not. ● 8.3 Second bullet point to be deleted and replaced with <i>Seek appropriate external advice for any adjustment on salary grade and increment range of the CEO.</i> It was felt that the Board should have flexibility regarding CEO remuneration out with context of whole organisation review. 	<p>CEO</p> <p>CEO</p>

12.	<p>Action Tracker</p> <p>The contents of the action tracker were noted and approved.</p>	
13.	<p>Any Other Competent Business</p> <ul style="list-style-type: none"> • The Chair asked for the Board Pre-Agenda meeting request for Monday 10th August to be reissued following the changes made. • The Chair of Audit and Risk thanked the Committee members and staff for their support to her in her first Chairing role for RSHA. The Chair of the Board gave a vote of thanks for the Chair of the Committee. • The Chair referenced an article on the Scottish Housing News by journalist and broadcaster Lesley Riddoch regarding the role of SHR. • The CEO raised an issue with respect to the Notes function on Decision Time as Officers were not notified or able to view notes made on Committee reports on Decision Time. The CSO will investigate and advise. • A member expressed a preference for Zoom meetings. 	<p>CEO</p> <p>CSO</p>
15.	<p>Date of next meeting</p> <p>Audit and Risk Committee: Thursday, 19th November 2020 tbc.</p> <p>The meeting closed at 3.40pm.</p>	