

## **CLYDESDALE HOUSING ASSOCIATION LIMITED**

Minute of the Audit & Risk Sub-Committee meeting held in CHA's Offices, Lanark on Tuesday the 14<sup>th</sup> March 2023 at 11:00

John Malone, Sub-Committee Chairperson  
Brian McInally  
Lesley McDonald  
Pauline Sandford  
Susanne Crayton

In Attendance

Chief Executive (CEO)  
Finance Manager (FM)  
Housing Manager (HM)  
Scott McCready, Wylie & Bisset – Internal Auditor (via zoom)  
Elizabeth Miller, Corporate Services Officer (CSO) minute

### **1. Apologies**

Apologies were received from the Interim Depute Chief Executive.

### **2. Approval of Previous Meeting Minutes & Matters Arising**

The minute of the Audit & Risk Sub-Committee meeting held on the 22<sup>nd</sup> of November 2022 was checked for accuracy and approved by the Audit & Risk Sub-Committee.

There were no matters arising.

### **Agreement on Items for AOCB**

The Audit Chair asked the Sub-Committee if they had any items, they wished to discuss under AOCB:

- a) The Audit & Risk Sub-Committee wished to discuss the visit of Humza Yousaf, Cabinet Secretary for Health, and Social Care.

### **3. Conflicts of Interest**

There were no conflicts of interest.

## **4. Internal Audit Reports**

### **4.1 Rent Setting & Affordability Report**

The Audit Chair asked Mr McCready to present the reports to the Sub-Committee. Mr McCready told the Sub-Committee that the purpose of the report was to give details of the Internal Audit assessment carried out on the Association's rent setting process, and tenant affordability. They gave the Sub-Committee details of the audit process and the areas reviewed including:

- The Associations Rent and Service Charge Policy
- The Associations average rent scenario testing for 2021/22, 2022/23 and 2023/24 rent increases.
- The SFHA's affordability calculations for 2022/23 and 2023/24 rent increases.
- The weekly rent comparison benchmarking exercises for 2022/23 and 2023/24 rent increases.
- The rent review process ensuring it is subject to authorisation by the Management Committee prior to its implementation.
- Tenants receiving sufficient notice of any rent increase and that they were offered an opportunity to provide feedback.

They advised the audit should give assurance to the Management Committee, via the Audit & Risk Sub Committee, that the Association's Rent Setting & Affordability processes are robust and in-line with best practice. Overall Conclusion – STRONG.

They made the Sub-Committee aware that they recognised nine areas of good practice and there were no recommendations for improvement. Committee discussed:

- The steps taken by the Association to ensure rent affordability whilst considering rising costs and inflation while recognising the financial hardship that many of the tenants are facing.
- The work carried out by staff to assist tenants facing financial hardship.

### **4.2 Follow Up Report**

Mr McCready told the Audit & Risk Sub-Committee that the purpose of this report was to assess whether the Association had appropriately implemented the internal audit recommendations made in 2021-22 and earlier years. They advised that the review considered whether any issues are outstanding beyond the agreed implementation deadline. Mr McCready gave the Sub-Committee details of the follow up actions implemented, those superseded and those not yet due. Mr McCready told the Sub-Committee that they could confirm that the Association has fully implemented all recommendations made in 2021 /22 and earlier years.

The Sub-Committee discussed:

- The Audit outcomes – The Sub-Committee discussed and agreed that the outcomes of the audit reports were incredibly positive, it highlighted and confirmed the robust arrangements the Association have in place.
- They thanked staff for their commitment and hard work in making the audit programme a success.

#### **4.3 2023/24 Internal Audit Plan**

Mr McCready told the Sub-Committee that the purpose of the report was to discuss the Audit Plan for 2023-24. They advised that they had met with The Association's Management Team to review the Audit Plan for 2023/24. Following these discussions, they were proposing to replace the Contract Management review with a review of the Association's Treasury Management arrangements and a review of Re-let process. Through discussions with the Management Team, it was believed that both reviews would provide more value to the Association. It was also noted that the Treasury Management review is being undertaken in line with the Treasury Management Policy which states that it should be reviewed every 5 years.

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| i) The Audit & Risk Sub-Committee considered the report and approved the 2023-24 Internal Audit Plan. |
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#### **5. Notifiable Events**

The Audit & Risk Sub-Committee Chairperson asked the CEO to present the report to the Sub-Committee. The CEO told Committee that the purpose of this report was to advise them of active Notifiable Events lodged with the Scottish Housing Regulator. The CEO advised that the Association currently has no active Notifiable Events lodged with the SHR.

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| i) The Audit & Risk Sub-Committee considered the report and agreed the actions of the Association have been satisfactory in relation to Notifiable Events. |
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#### **6. Actions from Previous Meetings**

The Sub-Committee Chairperson asked the CEO to present the report. The CEO told the Sub-Committee that the purpose of the report was to advise them of outstanding actions from previous meetings. The CEO advised they had nothing further to add to the report.

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| i) The Audit & Risk Sub-Committee considered the Actions from Previous Meetings Report and agreed progress was satisfactory. |
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## 7. Health & Safety Update

The Sub-Committee Chairperson asked the CEO to present the report. The CEO told the Sub-Committee that the purpose of the report was to advise them of workplace health and safety compliance to protect employees and other stakeholders from risks, hazards, and incidents in their term of employment or visit to the office. The CEO advised they had nothing further to add to the report.

- i) The Audit & Risk Sub-Committee considered the Health and Safety Update report, and agreed progress was satisfactory.

## 8. External Audit Plan – Financial Year 2022-23

The Sub-Committee Chairperson asked the FM to present the report. The FM told the Sub-Committee that the purpose of the report is to set out the arrangements for the external audit for the year. The FM advised they had nothing further to add to the report, the Sub-Committee discussed:

- The key audit risks
- The team carrying out the office

- i) The Audit & Risk Sub-Committee considered the External Audit Plan, and agreed the final version, without amendment, to be taken to the Management Committee for approval.

## 9. Regulatory Requirements Action Plan

The Sub-Committee Chairperson asked the CEO to present the report. The CEO told the Sub-Committee that the purpose of the report is to provide them with an update on CHA's position in relation to Regulatory compliance. The CEO gave the Sub-Committee details of the report content, the Sub-Committee discussed:

- The proposal that Mulholland Housing Consultancy attend all Sub-Committee meetings in the lead up to Management Committee considering the AAS in October 2023 – the Sub-Committee agreed that this will provide additional support to the Sub-Committee as well as external assurance that the assessments carried out by the Management Team are robust.

- i) The Audit & Risk Sub-Committee considered the report and agreed that the proposals for the 2023/2024 self-assessment against Regulatory Requirements were satisfactory.
- ii) The Audit & Risk Sub-Committee finalised the proposals for the 2023/2024 self-assessment against Regulatory Requirements and instructed the CEO to prepare a referral from the Sub-Committee to the 29 March 2023 Management Committee meeting detailing these.

## 10. List of Recurring Actions Update

The Sub-Committee Chairperson asked the CEO to present the report. The CEO told the Sub-Committee that the purpose of the report is to identify and report progress on recurring actions that are significant to the governance of CHA. The CEO advised that by reporting these quarterly to the Sub-Committee helps to ensure that these actions are identified, addressed and that Committee is aware of this activity.

- Staff annual appraisals– The CEO gave the Sub-Committee an update on the progress of staff annual appraisals.

i) The Audit & Risk Sub-Committee considered the List of Recurring Actions Report and agreed that progress made to date was satisfactory.
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## 11. Annual Work Programme Update

The Sub-Committee Chairperson asked the CEO to present the report. The CEO told the Sub-Committee that the purpose of the report is to provide them with details of their work programme over the coming year. The CEO advised that he had nothing further to add to the report.

i) The Audit & Risk Sub-Committee noted the content of the report.
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## 12. Risk Management Update

The Sub-Committee Chairperson asked the CEO to present the report. The CEO told the Sub-Committee that the purpose of the report is to identify and report progress on external risks that are significant to the governance of CHA. Committee discussed:

- Strategic Risk Map, 2023/24 Enforced Rent Freeze/Cap – The Sub-Committee agreed that due to the Scottish Government’s announcement that rent increases would be permitted from 28/03/2023 then this risk should be reduced to – impact 1, probability 1 (overall score 1)

i) The Audit & Risk Sub-Committee considered the risk maps and agreed the change to the Strategic Risk Map, 2023/24 Enforced Rent Freeze/Cap
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## 13. GDPR

The Sub-Committee Chairperson asked the CSO to present the report. The CSO advised the Sub-Committee that the purpose of the report is to inform them of the Association’s progress against its legal and Statutory obligations under the Data Protection Act 2018. The CSO made the Sub-Committee aware that they had nothing further to add to the report. Committee discussed:

- The nature of the data breaches noted in the report.

i) The Audit & Risk Sub-Committee considered and agreed that the Association's adherence to their legal and statutory obligations under GDPR is satisfactory and the evidence provided was enough for assurance purposes.

#### 14. Freedom of Information

The Sub-Committee Chairperson asked the CSO to present the report. The CSO advised that the purpose of the report is to inform the Sub-Committee of the Association's progress against its legal and Statutory obligations under the Freedom of Information Scotland Act 2002 and the Environmental Information (Scotland) Regulations 2004. The CSO told the Sub-Committee that they had nothing further to add to the report.

i) The Audit & Risk Sub-Committee considered and agreed that the Associations adherence to their legal and statutory obligations under Freedom of Information is satisfactory and the evidence provided was enough for assurance purposes

#### 15. AOCB

- The visit of Humza Yousaf, Cabinet Secretary for Health and Social Care - The CEO advised that they had received a call late afternoon on Friday the 3rd March 23 from Mairi McAllan's office regarding a joint visit from Humza Yousaf, Secretary for Health, and Social Care and Mairi McAllan, Minister for Environment, Biodiversity and Land Reform, to our office on Monday the 6<sup>th</sup> March 23. The CEO gave the Sub-Committee details of the visit.

The Sub-Committee Chairperson thanked everyone for attending and participating in the meeting

The meeting ended at 11.52.