

**CLYDESDALE HOUSING ASSOCIATION LIMITED**

Minute of the Audit & Risk Sub-Committee meeting held in the Association's office at 39 North Vennel, Lanark and via video conferencing on Wednesday the 22<sup>nd</sup> of November 2023 at 4.30pm.

Brian McInally

Gillian Anderson

John Lockhart, Sub-Committee Chair (joined meeting at 16:52)

Lesley McDonald

Maggie Botham

In Attendance

Chief Executive (CEO)

Depute Chief Executive (DCE)

Housing Manager (HM)

Finance Manager (FM)

Calum Montgomery, Wylie & Bisset – Internal Auditor

Elizabeth Miller, Corporate Services Officer (CSO) minute

**A quorum was achieved.**

**1. Apologies**

There were no apologies.

Brian McInally was appointed to chair the meeting in the absence of the Sub-Committee Chair.

Calum Montgomery of Wylie & Bisset was welcomed to the meeting.

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

The minute of the Audit & Risk Sub-Committee meeting held on the 15<sup>th</sup> of August 2023 were checked for accuracy and approved by the Audit & Risk Sub-Committee.

As per section 62 of the Association's rules, Mr McInally, as acting Sub-Committee Chair authorised the CSO to insert their electronic signature as conclusive evidence that the minute of the meeting held on the 15<sup>th</sup> of August 2023 are a true record of the proceedings at that meeting.

There were no matters arising.

## **Agreement on Items for AOCB**

The Sub-Committee had no items for discussion.

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

- The CEO, agenda item 7, Internal Audit Report – Re-Lets
- The DCE, agenda item 7, Internal Audit Report – Re-Lets
- The FM declared, agenda item 7, Internal Audit Report – Re-Lets
- The HM, agenda item 7, Internal Audit Report – Re-Lets

### **4. Notifiable Events**

The CEO presented the report to the Sub-Committee. They advised that the purpose of reporting notifiable events is a positive step and a key part of Committee being responsible and accountable for the running of the Association. The CEO advised they had no further updates to report.

- |   |
|---|
| i) The Audit & Risk Sub-Committee considered the report and agreed that the actions of the Association have been satisfactory in relation to Notifiable Events. |
|---|

### **5. Actions from Previous Meetings**

The CEO presented the report to the Sub-Committee. They advised that the purpose of the report is to ensure that items identified for action at Audit Sub-Committee meetings are a) followed up on, and b) reported to Committee to confirm the follow up. The CEO advised they had no further updates to report.

- |   |
|---|
| i) The Audit & Risk Sub-Committee considered the Actions from Previous Meetings Report and agreed progress is satisfactory. |
|---|

### **6. Sub-Committee Annual Work Programme**

The CEO presented the report. The CEO told the Sub-Committee that the Annual Work Programme presents recurring standard items for Sub-Committee meetings and particular focus areas for certain times in the year. The Sub-Committee reviews its progress against the Annual Work Programme at each meeting and should annually review and evaluate its work to ensure that it is fulfilling the Terms of Reference as stipulated in CHA's Standing Orders. The CEO advised they had nothing further to add to the report content.

- |   |
|---|
| i) The Audit & Risk Sub-Committee considered and concluded that progress against the Annual Work Programme had been satisfactory. |
|---|

The CEO, DCE, FM & HM left the meeting at 16:43.

## **7. Internal Audit Report, Re-Lets**

Calum Montgomery (Internal Auditor) gave the Audit & Risk Sub-Committee an overview of the report. They advised Wylie & Bisset were satisfied that sufficient internal audit work has been undertaken to allow them to draw a conclusion as to the adequacy and effectiveness of the how the Association allocates and manages its housing arrangements.

They advised that in their opinion the Association's performance is largely positive and reasons for targets not being met are recorded and presented to the Management Committee. In forming these opinions, the Internal Audit Service reviewed:

- a) If the Association's Allocations Policy was compliant with legislation and was regularly reviewed.
- b) If applications for housing were processed fairly, appropriately, and in line with reasonable preference under Scottish Housing Law.
- c) If applications received were assessed based on their housing need and in line with Scottish Housing Law.
- d) If waiting lists were monitored and effectively managed.
- e) If adequate performance measures and reporting arrangements are in place in relation to Allocations.

The Internal Auditor told the Sub-Committee that they can provide the Association with an overall STRONG level of assurance surrounding the Association's Relet arrangements and noted six areas of good practice.

The Sub-Committee discussed:

- The Audit outcomes – The Sub-Committee discussed and agreed that the outcomes of the audit reports were very positive, it highlighted and confirmed the robust arrangements the Association have in place. Mr McNally noted the hard work and commitment of the Housing Management Team in making the audit programme a success.

Mr Montgomery left the meeting at 16:50.

The CEO, DCE, FM & HM returned to the meeting at 16:50.

## 8. Internal Auditor Procurement

The CEO presented the report to the Sub-Committee. They advised the Sub-Committee that The Scottish Housing Regulator's Regulatory Standards require RSLs to have an internal audit function that is overseen by the governing body. They advised that the current contract for internal audit services terminates on 31 March 2024 following a 5-year contract term with Wylie & Bisset therefore, as such the Association is required to re-procure the services of a consultant for this purpose.

John Lockhart joined the meeting at 16:52. Mr McNally passed Chair responsibilities to Mr Lockhart.

Committee discussed:

- The services the Association requires from the internal auditor.
- The benefits of joint procurement.
- The term of the contract.
- The stages of the procurement route
- Membership of the procurement panel.

### **Decisions made:**

- i) The Audit & Risk Sub-Committee noted the content of the report and the Specification for Internal Audit Services.
- ii) The Audit & Risk Sub-Committee approved the Specification for Internal Audit Services.
- iii) The Audit & Risk Sub-Committee approved the proposals for a formal tendering process, which balances quality and price, for procuring Internal Audit services.
- iv) The Audit & Risk Sub-Committee approved the Quality/Price Ratio of 80/20 for the Internal Audit procurement process.
- v) The Audit & Risk Sub-Committee formally confirmed that those previously identified from the Sub-Committee to serve on a Tender Panel (John Lockhart, Lesley MacDonald, and Brian McNally) oversee the procurement and appointment process, with support from the CEO.
- vi) The Audit & Risk Sub-Committee agreed that the Internal Audit Tender Panel be granted delegated authority to:
  - develop a procurement timetable.
  - amend the Specification for Internal Audit Services if required.
  - implement the Restricted (Dual Stage) Procurement Route as presented in the report.
  - amend the approach to procurement to suit any joint procurement opportunities that may present themselves.
  - appoint Internal Audit Services for the period April 2024 to March 2027.
- vii) The Audit & Risk Sub-Committee agreed that the Internal Audit Tender Panel report back to the Audit & Risk Sub-Committee on 27 March 2024 on the outcome of the procurement process.

## 9. List of Recurring Actions.

The CEO presented the report to the Sub-Committee. They advised that the purpose of the report is to update them the recurring actions that are significant to the governance of CHA. Committee discussed:

- Staff appraisals – The CEO advised that the appraisal process was near completion.

i) The Audit & Risk Sub-Committee noted the content of the report.
--

## 10. Health & Safety Update

The CEO presented the report to the Sub-Committee. The CEO told the Sub-Committee that the purpose of the report is to update them on progress made against the Association's duty of care to ensure a safe working environment under the Health and Safety at Work Act 1974. They gave the Sub-Committee a summary of the report content and advised they had no further updates to report.

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

## 11. Annual Risk Management Review

The CEO presented the report to the Sub-Committee. They gave the Sub-Committee an overview of the Risk Management Policy and process for reviewing the Association's Strategic and Operational Risks. The CEO asked the Sub-Committee to consider what, if any, changes are required to the risk maps to reflect CHA's current circumstances.

Committee discussed:

### Strategic Risk Map

- Service Disruption due to Covid-19: The Sub-Committee discussed and agreed that there is a continued risk to staff and contractors from COVID. However, they agreed that there is also a risk of multiple staff members contracting other infections/viruses and that this could disrupt services to tenants. The Sub-Committee agreed to keep this risk but change the working to reflect their views on this matter.
- Impact of Brexit on economy & supply chains: The Sub-Committee discussed current world events, material costs, scarcity of some building materials and future tendering for projects. It was agreed that in addition to Brexit other events could have a negative impact on the economy and supply chains. The Sub-Committee agreed to retain this risk but change the wording to reflect their views on this matter.
- Affordability of rents: The Sub Committee discussed increases in energy prices, inflation rates and other factors that could impact rent affordability. The Sub-Committee agreed to keep this risk on the map.

## Operational Risk Map

- High energy price inflation will increase fuel poverty: The Sub-Committee discussed energy price changes due to take place in February 2024. The Sub-Committee also discussed the work carried out by the Association to assist tenants at this difficult time including gaining funding for energy efficient small electrical items such as air fryers. It was agreed that this risk should remain on the operational risk map.

The Sub-Committee agreed to report on their discussions and decisions to the Management Committee meeting scheduled to take place on Wednesday the 8<sup>th</sup> of December 2023.

- |   |
|---|
| i) The Audit & Risk Sub-Committee considered the documents and conducted an annual review of CHA's Strategic and Operational Risk Maps. |
|---|

## 12. GDPR

The CSO presented the report to the Sub-Committee. The CSO advised that the purpose of the report is to update them on the Association's progress against its legal and Statutory obligations under the Data Protection Act 2018. The CSO advised they had no further updates to the report.

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

## 13. Freedom of Information

The CSO presented the report to the Sub-Committee. The CSO advised that the purpose of the report is to inform them of the Association's progress against its legal and Statutory obligations under the Freedom of Information Scotland Act 2002 (FOISA) and the Environmental Information (Scotland) Regulations 2004 (EIR). The CSO advised they had no further updates 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. |
|--|

**14. AOCB**

There was no AOCB to discuss.

The Audit & Risk Sub-Committee Chairperson thanked everyone for attending. The meeting ended at 17:15.