

MINUTES

AUDIT, FINANCE AND RISK SUB-COMMITTEE

Name:	Audit, Finance and Risk sub-committee
Date:	Monday, 17 June 2024
Time:	10:30 am to 12:05 pm (BST)
Location:	Default Location, Morrison House, Bayfield, Portree
Committee Members:	Mr Robin Nairn (Committee Chair), Mr Ian Young, Mrs Audrey Sinclair, Ms Liz Williams
Attendees:	Graeme Coull, Jennifer MacInnes, Mr David Clapham
Apologies:	Mr John Watson, Alastair MacGregor

1. Opening Meeting

1.1 Apologies

Apologies were received from John Watson and Alastair MacGregor. Liz Williams also advised that she had a work commitment at 11.30 so would have to leave the meeting for this.

2. Declarations of Interest

2.1 Declarations of Interest

No new declarations of interest were noted.

3. Minutes of Previous Meeting

3.1 Minutes of Previous Meeting (18.03.24 - for information)

The Minutes of the Meeting held on 18 March had been approved at the Board Meeting on 25 March 2024 and were provided for information.

4. Decision Tracker

4.1 Decision Tracker from Previous Minutes (18.03.24)

DoFCS advised that the Governance and Compliance Officer Role is now vacant.

DoFCS has not yet managed to undertake modelling of a reduced Development Plan in response to potential SG budget cuts.

Members asked if there was any update on Development budget from Scottish Government, DoFCS advised he was unaware and DML may be able to provide an answer at the next Board Meeting.

5. Matters Arising

5.1 Other matters arising

6. AFR Business

6.1 Quarterly Management Accounts to 31 March 2024

DoFCS provided the Quarterly Management Accounts to 31 March 2024. He advised that the deficit to budget before end of year adjustments for the year was £443k, with a final net deficit of £357k. There were a number of factors which contributed to this outcome.

DoFCS advised that we are in compliance with all covenants at year end.

He noted the cash balances are lower than usual due in part to the forward funding of Shared Equity and Mid Market Rent properties in Broadford.

DoFCS advised that he has reflected on this outcome and how LSHA can avoid such a situation in future. It has been agreed with the Interim Chief Executive that DoFCS will focus over the remainder of 2024/25 on two items; firstly the performance of the finance function, and in particular to answer the question if is serving the needs of the organisation; and secondly to progress the Digital Strategy. To this end we will undertake a root and branch review of the finance function, including utilising the Internal Auditor to highlight weaknesses and improvement opportunities.

Members were thankful to DoFCS for the honesty in the report and explanations given, noting that moving forward reflection is required. A member advised there is a need to improve the knowledge of budget holders and DoFCS assured members that there are mechanisms in place for budget holders to keep an eye on spend, however these are not fully embedded in day-to-day operations and need to be improved.

A member asked about the Digital Strategy, DoFCS advised that he had identified someone who can assist with the strategy. He would like the Strategy to work as a road map and expects to report back to the Board on progress quarterly, once the Strategy is approved. He advised that there is a need to be targeted and focussed on what we want to achieve as this is a comprehensive piece of work. In response to a Members' question, DoFCS noted that the development of solutions will involve service users, and that online access for tenants encouraging self-service is a key outcome. A member suggested contacting East Lothian Housing Association as they have an App on an SDM platform and have achieved 90% of tenants using it.

Members also discussed process redesign and resource allocation so stops are put in place when budget is used.

DoFCS confirmed that all paperwork is signed for the Unity Trust Loan and that loan settlement should take place this week.

Members considered the debtors balances, DoFCS explained the differences between the values in the SOFP and the debtors report.

Members noted that they hadn't considered the issue with Campbell's Farm and the amount LSHA was forward funding hadn't come through in the reports. It was suggested that the Development Report captures details of forward funding under the heading of Development Risk.



Noted.

Noted.

Decision Date: 17 June 2024

6.2 Quarterly Risk Register Report to 31 May 2024

DoFCS advised that management has responded to feedback from the Board in preparing the Risk Register. He advised there are no new risks added this quarter, but some have been updated.

A member suggested for Development Risk it would be good to include as a mitigation that the finance risk for each new scheme will be provided in Development Reports.

Members also noted that Partnerships could be considered a risk as Officer time can be considerable as well as risk to revenue should a partner pull out.

Members agreed that there are too many risks and DoFCS is to review the Risk Register for duplication and non-strategic items, during the next review cycle.

Members Recommended the Strategic Risk Register to the Board for approval.

11.25am - Liz Williams left the Meeting.



Risk Register

DoFCS is to review the Risk Register for duplication and non strategic items.

Due Date: 2 Sept 2024
Owner: Graeme Coull



Members Recommended the Strategic Risk Register to the Board for ...

Members Recommended the Strategic Risk Register to the Board for approval.

Decision Date: 17 June 2024

6.3 Audit Findings Tracker Report to 31 May 2024

Members discussed the Audit Findings Tracker Report.

In response to a member's question DoFCS confirmed that the two step verification for network access has been implemented with introduction of Microsoft 365 software.

CS12 is to be changed to green.

A member asked about AM3 and if there had yet been an agreement about how the stock condition data would be uploaded from the identified consultant. DoFCS advised that TM would be able to respond at the Board Meeting.

Members Reviewed the Audit Findings Tracker and noted the changes and updates since the last quarter and Approved the removal of items newly marked as complete.



Changes to Audit Findings Tracker Report June 2024

CS12 is to be changed to green.

Due Date: 28 June 2024
Owner: Graeme Coull



Members Reviewed the Audit Findings Tracker and noted the changes...

Members Reviewed the Audit Findings Tracker and noted the changes and updates since the last quarter and Approved the removal of items newly marked as complete.

Decision Date: 17 June 2024
Outcome: Approved

6.4 Review of Standing Orders

DoFCS advised that two of the proposed amendments to the financial delegations were required due to price increases (in the case of Stationery) and salary increases (in the case of Payroll), which have taken us close to the allowed limits. He advised that the process for financial delegation is now operating as intended.

In response to a member's question, DoFCS advised that it was brought to AFR prior to the Board as some of the amendments were to financial delegations and thus part of the AFR remit.

Members **reviewed** the proposed changes to the Standing Orders, **noted** the management comments regarding the effectiveness of Financial Delegations and **Recommended** the revised Standing Orders to the Board for approval.



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Decision Date: 17 June 2024

6.5 Internal Audit Work Plan

11.40am - Susan (Sue) Brook, Senior Internal Audit Manager from WBG joined the meeting.

Members reviewed the proposed audit work plan, which Sue had provided and discussed the requirements. A member noted that the regulator had written to the Chair in relation to LSHA's approach to some feedback from the initial staff survey. It was agreed that a review in year one covering EPB Policy, Probity / Contract Management and Whistleblowing would help with the improvement plan.

The allocation of five days to Business Development in Year 2 was discussed. Members felt that it would be of more value to undertake a review of Asset Management and it was agreed to switch the allocation to this area of focus.

Members agreed to the plan with the inclusion of a review of Probity, the scope of which is to be developed by the DoFCS with WBG and agreed at the next AFR meeting.

11.55 - Liz Williams re-joined the meeting.

Members **reviewed** the proposed Internal Audit Work Plan and considered if changes were needed. Members **approved** the Internal Audit Work Plan, subject to the addition of a Probity review in Year 1 and switching five days to Asset Management from Business Development in Year 2, as identified by Members.



Members approved the Internal Audit Work Plan, subject to the add...

Members **approved** the Internal Audit Work Plan, subject to the addition of Probity Audit as identified by Members.

Decision Date: 17 June 2024

Outcome: Approved

Susan Brook left the meeting.



Agree scope of Probity review

Scope of Probity review is to be developed by the DoFCS with WBG and agreed at the next AFR meeting.

Due Date: 12 Aug 2024

Owner: Graeme Coull

7. A.O.C.B

7.1 A.O.C.B.

DoFCS advised that the Pension Review is scheduled for review this year. It will be added to the Agenda for the next AFR meeting about how we move forward with this.

8. Close Meeting

8.1 Close the meeting

Next meeting: AFR Meeting - 12 Aug 2024, 10:00 am

Signature: _____

lan h. jerry

Date: _____

1/2/24

