

## PENTLAND HOUSING GROUP AUDIT COMMITTEE MINUTES

**Meeting Number:** AC1819M1

**Venue:** Board Room, 37-39 Traill Street, Thurso

**Time:** 5:15pm

**Date:** Wednesday, 2 May 2018

**Present:** Jim Hair, Chair  
Elaine Forbes  
Neil Robertson, PCE  
John Perry  
Jenny Lawless

**In Attendance:** Richard Armitage, Chief Executive  
Corrine Mackay, Head of Corporate Services  
Sandy Squires, Findlay & Co (attended by telephone)

**Observers:** None

**Leave of Absence:** None

**Apologies:** None

### 1. WELCOME AND DECLARATION OF INTERESTS

1.1 The Chair welcomed everyone to the meeting.

### 2. MINUTES OF PREVIOUS MEETING

AC1819M1D2

2.1 The minutes of the previous meeting, Wednesday 21 February 2018 were presented to the committee. The Audit Committee have requested the minutes to be represented at their next meeting following the requested amendments.

**Action AC1819M1A1      The Corporate Officer is to represent the minutes from 21 February 2018 following the amendments requested by the committee. This will be represented at their next meeting in July 2018.**

**3.      MATTERS ARISING/OUTSTANDING ACTIONS**  
AC1819M1D3

3.1      See document AC1819M1D3

**4      INTERNAL AUDIT PROGRESS REPORT**  
AC1718M4D4

[Sandy Squires joined the meeting via conference call]

4.1      The follow up review report 2018 was produced in order to obtain assurance that the internal audit recommendations are implemented by the Management Team as timetabled.

4.2      Sandy Squires reported to the committee with regards to the recent onsite visit and reports presented confirming the new format in place. The chair confirmed that the new format was very good, the author had made the reports very readable and asked that his thanks be passed on. Sandy presented an overview follow up review report 2018; a compendium report that reviewed PHA progress in a 5 year period (from 2013 to 2017). The report had noted that 66% of their recommendations remained outstanding (ie. 91 made, 29 implemented and 60 outstanding). Sandy commented that some staff changes within the association in the last 2 years may have contributed to the larger number of outstanding recommendations. He noted that the report had advised that an action plan be produced and he was willing to assist in its production.

4.3      The chair thanked Sandy for his report, and observed that overall progress had been poor for longer than 2 years; the report was from 2013 to 2017. The chair also noted, with concern, that progress had been particularly poor against “Complaints” and “Financial Regulations” which were normally priority issues within Housing Associations. The chair commented, taking an overall view that many of the recommendations were to update policies and procedures or related to better use of the PHA web site. There was a discussion with Sandy on timescales on HA policies might normally be expected to be updated. An 8 month period was not unusual with HA with a subsidiary company. There was a discussion, with Sandy, on how the normal process might be progressed more rapidly.

- 4.4 The audit committee expressed concern about the higher than expected level of recommendations not completed and agreed that an action plan was necessary. Some members agreed that close-out progress might have been hindered by more recent staff changes and that external resource might be necessary to address close-out. Some members advocated taking a more holistic, extensive approach for a fuller policy reviews whilst others considered a more direct approach. The former approach had the disadvantage of a longer timescale but more rounded policy. The latter approach would mean that policies (and consequent staff procedures) would be closed-out much more promptly to address potential future internal audit assessment ratings. However, there was consensus that the staff must draft a prioritised, resourced action plan taking into account the audit committee concerns on timescales. Sandy was thanked by the committee for his offer to work with the management team to set up the action plan.
- 4.5 The Head of Corporate Services confirmed that an action plan would be a priority task for the Management Team and will work with Findlay's to set this up, and agree which areas might be better outsourced.

**Action AC1819M1A2      The Head of Corporate Services to liaise with Findlay's in order to create a prioritised action plan to agree which areas might be better outsourced. The progress will be reported to the Audit Committee at their next meeting in July 2018.**

- 4.6 The Audit Committee confirmed that an update must be given to the PHA board at their meeting in May 2018, with the assurance that a plan of action is being produced with assistance from Findlay's and for the PHA board to consider and approve the engagement of any outsourced consultancy as required.
- 4.7 Sandy Squires advised the audit committee that their plan of action to address the internal audit requirements has given Findlay's assurance and he would update his management team of their decision.
- 4.8 The audit committee noted the other following reports presented which had been undertaken in 2018: Annual Report 2017/2018, Complaints Report, C&R Report, HPS Report, Payroll Report, and Reactive Repairs. The management team had not yet drafted a response but the audit committee had no significant reservations on any of the new recommendations.

- 4.9 On another issue (Insurance Service provision) - The Chair moved on to request additional advice from Findlay & Co related to insurance tendering in relation to a conversation held with our current insurance providers and a potential conflict of interest. He confirmed that the HOCs would liaise with Findlay's and the HOC would update the audit committee of Findlay's advice at their meeting in July 2018.

**Action AC1819M1A3      The Chair confirmed the HOCS would liaise with Findlay's in order to obtain further advice with regards to insurance tendering. An update will be given to the committee by their next meeting.**

4.10 The HOC presented the committee with the following recommendations

- That the Audit Committee notes the Internal Audit Programme and reporting 2017/18
- That the Audit Committee notes the Internal Audit Follow Up and Reporting pre 2017/18
- That the Audit Committee notes the management team will be reviewing and responding to the recommendations made by the Internal Auditors.
- That the Audit Committee notes the management team responses to Internal Audit recommendations will be emailed prior to their meeting in July 2018 for reference and included as an agenda item for that meeting.

4.11 The committee noted the information presented to them in the reports.

## **5      GDPR LEGISLATION AND GUIDANCE**

5.1 The Head of Corporate Services gave the Audit Committee a verbal update on the current position of GDPR 2018. She confirmed she was working with TC Young solicitors to progress the association requirements to meet new legislation, and to date TC Young have confirmed the association is on schedule in line with the programme in place.

## **6 ANY OTHER BUSINESS**

- 6.1 **Risk Map** - The HOC presented the risk map for quarter 4 for the board's consideration and approval. The HOC confirmed there had been no change to the risk levels in the quarter for review.

The Audit Committee gave approval the risk map as it stands noting the new format that would be presented in quarter 1 2018/19 as previously approved which would provide a more realistic view of measuring the controls in place and monitor the movement of risk scoring over the course of the year.

## **6 DATE OF FUTURE MEETINGS**

- 7.1 The future meeting dates for the Audit Committee as agreed by PHA on 21 March 2018 are;
- Wednesday, 18 July 2018
  - Wednesday 10 October 2018
  - Wednesday, 13 February 2019

## **7 TIME THE MEETING CLOSE**

- 8.1 There being no further business the meeting ended at 7pm.