

TRUST HOUSING ASSOCIATION LIMITED

Minute of the Audit and Performance Committee Meeting held on Thursday 29th July at 11am By Microsoft Teams call

Present:

Board Members

Paul McFarlane
Ali Ross
Gordon Laurie
Sr Jenny Lindsay

Officers in Attendance

Rhona McLeod, Chief Executive
Zoe Purdie, Director of Financial & People
Gail Gourlay, Director of Customer Experience
Jackie McIntosh, Director of Assets & Sustainability
Neil Ferguson, Director of Business Development & Digital
Darren Lewis, Head of Service Design
Claire Mottram, PA & Company Secretary
Karen Rae, Armstrong Watson
Claire Robertson, BDO
Gemma Rickman, BDO

PAUL MCFARLANE IN THE CHAIR

Agenda Item	Detail
1.	Convener's Opening Remarks
1.1	Paul McFarlane, Chair, welcomed everyone to the meeting which was being held by Microsoft Teams call. Paul noted the importance of the items on the agenda today which will take some time to review and discuss. Paul welcomed Jackie McIntosh to the meeting today who is Trust's new Director of Assets and Sustainability. Paul also extended his welcome to Karen Rae who joins us from Armstrong Watson for Item 4 and also to Claire Robertson and Gemma Rickman from our new internal auditors BDO, for Item 6.
2.	Declarations of Interest
2.1	No declarations of interest by those in attendance.
3.	Apologies
3.1	Nicky McLaughlin submitted his apologies.
4.	Annual Accounts 2020/21
4.1	Zoe Purdie, Director of Finance and People referred to the Annual Accounts 2020/21 papers – including the Trust Financial Statement and the Financial Management Report from Armstrong Watson - which were included as pre-reading within the boardpack. Zoe noted that the audit process has been much smoother this year and extended her thanks to the teams at Armstrong Watson and our Trust Finance Team. Zoe opened the item up to questions from the committee.

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4.2	<p>Gordon Laurie, Vice Chair, queried if the 'Management Board and Executive Officers' listed on page 3 of the Financial Statements report should include those Board Members who served and stepped down during the financial year. Zoe confirmed that this section should only refer to those who were in place as at the 31st March 2021, however later in the Board of Management Report, the changes throughout the year are noted, including Ian Crawford's resignation. Gordon queried the resignation date for Scott Smith, former Board Member and raised that this may have been overlooked. Claire Mottram, Company Secretary, thanked Gordon for raising this and confirmed that she would rectify this within the Board of Management Report and record the amendment within today's minutes.</p>
4.3	<p>Karen Rae from Armstrong Watson ran the committee through a summary of the full Financial Management Report. Karen noted that Section 2 covers the risk areas that were identified initially at planning and provided some reassurances over the key risks identified. Karen advised that the first two risks were revenue recognition and management override of controls which are standard within any audit. Karen added that in respect of revenue recognition, wherever possible, we look to conduct 'proof in total' testing, which provides a strong reassurance about the entire population. Karen added that for Trust Housing, 'proof in total' tests were conducted on rental incomes, which covers a very large proportion of overall income. Karen noted that the differences identified were minimal, less than 1% of both reconciliations. Karen advised that some 'cut-off' testing was also performed and confirmed that income was complete for the year. Karen advised there was substantive testing, looking at housing support and care at home income and again, that was successful in its process, so no significant issues identified in terms of material revenue streams.</p>
4.4	<p>Karen noted that the audit reviewed the strength of the controls surrounding the preparation of the management accounts, including any journal entries with figures that may have been subject to manipulation. Karen confirmed that all Trust journals tested had bona fide transactions, and were in line with expectations, therefore Armstrong Watson are reasonably satisfied that there were no instances where management have overridden any controls.</p>
4.5	<p>Karen moved onto the third main risk identified which was in respect of compliance with banking facilities, whereby you have loans from various providers, all with different stipulations and covenants to be adhered to. Karen confirmed there is sufficient coverage of all of covenants and Armstrong Watson are satisfied loan facilities are not under threat of default within the next 12 months.</p>
4.6	<p>Karen noted that Section 2 also reviews going concern, laws, and regulations, looking at potential for reputational damage to the association. Karen reflected on the pandemic and uncertainty it has posed for businesses, noting that this is currently high on any auditing agenda. Karen confirmed that Trust's budget plan, 30-year financial plan and 12-month forecasts were reviewed, and scenario and</p>

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	stress testing was carried out, with Armstrong Watson concluding that Trust are a going concern and able to meet liabilities falling over the next year and sufficient reserves remain. In terms of laws and regulations, Karen noted that the audit reviewed information supplied to the Scottish Housing Regulator, plus any other known instances of potential breaches and again, no significant concerns around contingent liabilities.
4.7	Karen referred to the two separate ledgers kept following Wishaw & District Housing Association's transfer of engagements into Trust Housing Association and confirmed that figures have been well incorporated into the overall financial statements. Karen confirmed that no new additional risks were identified during the audit.
4.8	Karen summarised the findings in Section 4 around matters impacting audit efficiency, initially noting her thanks to the Finance Team for their assistance as the process was much smoother this year. Karen noted that remote working adds difficulty for teams being able to review and share documentation and this was well overcome by Trust. Karen flagged up that some schedules came through with internal links which didn't provide the information required and similarly, some samples came through delayed which Karen accounts to the larger team at Armstrong Watson putting multiple requests through to a smaller Trust team. Karen also referred to the considerable amount of time taken each year to reconcile fixed assets and noted the recommendations in the report.
4.9	Karen confirmed that Armstrong Watson are satisfied there are no material misstatements and subject to Board signing, she is happy to sign a clean Audit opinion.
4.10	Paul asked Karen, if she were to compare Trust to another organisation, would there be anything we can learn or other practices we should be implementing, or do you believe we are fairly robust in our current practice. Karen advised that controls are relatively strong in the key audit areas with no deficiencies to note. Karen referred to the recommendations around reconciliation of fixed assets. Karen also recognised that there will always be some timing differences between invoices and work being concluded, but the strength of the controls at Trust is very good and overall, there are no deficiencies in the financial processes to note.
4.11	Gordon referred to the adjustments in section three and queried if the £3m was an opening balance rather than a total of adjustments made. Karen confirmed this was correct and the original trial balance was £2,994,000 with adjustments broken down on page 10 and they have been processed since the initial trial balance.
4.12	Gordon also queried the first adjustment referencing Bield Scottish living wage increase. Zoe confirmed that we are in the process of changing this and explained that the Glasgow City Council contract is currently invoiced via Bield and we hadn't been notified by Bield or Glasgow City Council of the increase in

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	<p>regard to Scottish Living Wage, so we had been invoicing on old rates and the figure on page 10 is the uplift.</p>
4.13	<p>In relation to expenses cut offs, Gordon asked Karen if including a provision was an acceptable and standard practice. Karen advised that a £20k provision for covering a small level of invoices – typically outstanding repairs invoices – she would deem that reasonable and appropriate to make sure the right costs are in the right months, particularly if the works you’re doing is fairly consistent each month then a general provision is fine.</p>
4.14	<p>Senior Management left the MS Teams Call so that a private discussion between Board and the external auditors could take place. Paul McFarlane, Chair, advised that Claire Mottram would remain on the call to take the minutes of the private discussion with the auditors. Paul asked the auditors to highlight any issues that the Committee should be made aware of.</p>
4.15	<p>Karen Rae, Armstrong Watson, advised that would just reiterate that there was a substantial improvement in the delivery of information this year. Karen raised that at the start of the process, Emma Downie, Head of Finance had advised that all queries were to go through herself and Justin Snow, which created a slight bottleneck and delay in getting responses and required documentation. Karen confirmed that all information was ultimately received in due course.</p>
4.16	<p>Sister Jenny Lyndsay, Board Member, queried when we could sensibly expect to see the two ledgers combined between Wishaw & District and Trust Housing Association. Karen advised that there have been a lot of steps taken in the last 12 months to replicate the same authorizations and to have the same controls in place for Wishaw to make the transition a lot smoother, however these are still two separate accounting systems which is still a bit of a challenge and the whole picture is not immediately available which would perhaps allow efficiencies to be spotted and actioned. Karen advised that Committee are seeing combined figures, but the separate systems and compilation required does open up risk. Karen noted that she has been advised by Trust that there are plans to address this over the next 12 months.</p>
4.17	<p>Alongside discussion within the main committee minutes, all members were satisfied that their questions had been answered and that they had been made aware of all relevant issues. Senior Management were invited back into the MS Teams Call to proceed with the remainder of the meeting.</p>
4.18	<p>Zoe thanked Karen and Armstrong Watson for their work as external auditors with Trust over the last five years. The Committee confirmed no more questions for Karen who subsequently left the meeting. Zoe then advised that the tender process for external auditors is underway and we are currently evaluating the submissions and we will be in a position to appoint at the AGM in September.</p>

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4.19	Gordon queried if we would reappoint Armstrong Watson considering their length of service so far, in terms of overfamiliarity and general practice in this area. Zoe confirmed that generally Auditors have up to 10 years and their submission would be subject to the scrutiny of a tender process and we'll be able to compare with other offerings. Zoe confirmed we have had four submissions, including Armstrong Watson.
4.20	Decision: Noted the contents of this report and the management letter presented in Appendix 2.
4.21	Decision: Approved the annual accounts for the year ended 31 March 2021 as presented in Appendix 1.
5.	<p data-bbox="352 824 1094 855">Quarter 1 2021/22 – Internal Performance Report</p> <p data-bbox="204 898 1495 1077">5.1 Darren Lewis, Head of Service Design, advised that the performance report related to Trust's operational performance for Quarter 1 2021/22. Darren noted that the report continues to highlight combined Trust and WDH organisational performance, which is compared against 2020/21 year-end results, 2021/22 proposed targets and Scottish Average results for 2020/21 where available.</p> <p data-bbox="204 1117 1495 1408">5.2 Darren gave a summary of complaints for Q1 and noted that we have received 67 complaints during the period which is in line with the normal fluctuations of complaints during the year. Darren noted that 93.3% (YTD) of all complaints have been responded to within in timescale, against a proposed target of 90% and of the 67 complaints received in Q1, 55 of these were frontline (Stage 1) and 12 were investigative (Stage 2). Darren added that average days for resolving a Stage 1 complaint was 2.7 days and for Stage 2 this was 17.4 days. Darren noted that complainants satisfied at year end was sitting at 66.7% (YTD).</p> <p data-bbox="204 1449 1495 1700">5.3 Darren reviewed the most common complaint categories in 20/21, concluding that 'Treatment of / Attitude by Staff' and 'Standard of Service' continued to dominate as the two highest categories, with both accounting individually for 17.2% of all complaints last year. Darren reviewed the locations which had received the most complaints during Quarter 1, noting that 16 of the locations receiving the highest levels of complaints accounted for 65.7% of complaints, with the remainder of complaints spread across 23 locations.</p> <p data-bbox="204 1740 1495 1955">5.4 Paul queried if there was anything to suggest concern from the category and location intelligence here. Gail Gourlay, Director of Customer Experience, advised that she had reviewed this complaints data ahead of the meeting in depth and concluded that there were no concerns or serious issues to note, adding that there was a real mixture of themes such as repairs, parking, catering and the nature of the complaints were quite diverse and spread out.</p>

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5.5	<p>Gordon queried if the catering complaints reflected the pandemic restrictions and impact on the service. Gail advised that there has been a bit of frustration from tenants at times around not being able to use the dining rooms and it has been more difficult to serve meals in tenant's own homes, so sometimes there have been complaints about the heat of the food. Gail concluded that numbers of catering complaints are still very low considering the number of developments we provide this service at. Gordon queried the nature of the 4 complaints at Duns and if this reflected any teething issues with the new development. Gail advised that the complaints were from two tenants and related to gardening, bin uplift, catering and wi-fi.</p>
5.6	<p>Darren moved onto IT Helpdesk KPIs and referred to the increased level of helpdesk requests last year, adding that Quarter 1 has seen a slight decrease in the level of requests. Darren advised that satisfaction remains high with a rating of 4.7 for the start of this reporting year.</p>
5.7	<p>Jackie McIntosh, Director of Assets & Sustainability summarised the Asset Management KPIs, noting that response times for emergency repairs are more in line with normal circumstances, being completed in 3.2 hours on average. Jackie noted the challenging environment contractors and the repairs team have been working in and highlighted the improving performance over the last year. Jackie advised that we are still catching up on the backlog of routine repairs which couldn't be completed due to the pandemic and we're sitting at 4.2 days to complete on average.</p>
5.8	<p>Jackie advised that 'Repairs completed Right First Time' includes a measure of completing the job within the designated timescale and we have encountered a bit of a dip in Quarter 1 as we work through the aforementioned backlog, but still sitting at 89.2%. Jackie noted that Appointments Kept is no longer asked as part of the Arc Return and therefore we have no Scottish average, however we're sitting high at 99.6% for Quarter 1. Jackie noted that there have been no Gas Safety fails since August 2020, and medical adaptations are picking up as we start the financial year, with an average of 25 working days to complete.</p>
5.9	<p>For Days to Let (DTL), Gail highlighted that we ended the year really well given the Covid-19 challenges, the teams worked tirelessly and we came in just 10 days above the Scottish Average. Gail noted that 122 houses have been let for Quarter 1 which is on target for normal lets in a year and Wishaw & District are sitting at 6 days to let. Gail added that Customer Experience Partners have now started in their new roles and allocations responsibility has moved over to them, so she is glad to see sustained performance during this transfer.</p>
5.10	<p>Gail noted that we are sitting with 150 voids and currently for every let made, a termination comes in which means it has been difficult to make a dent. This has led to a higher void loss of 4.85% which is just above the proposed target. Gail noted that our tenant demographic implies higher terminations. Paul queried if we had analysed reasons for terminations or considered exit interviews. Gail confirmed that we record reasons for leaving and carry out surveys, however the</p>

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	majority are those passing away or moving into extra care. Gail added that we do have some who choose to transfer within Trust or to another RSL to move closer to family. Gail added that with Customer Partners having smaller patches she hopes to see more letting activity and being able to make some inroads into void levels.
5.11	Gail advised that refusals are sitting at 20.9%, well within proposed target and Scottish average, and unfortunately due to a technical issue no surveys for 'Tenants satisfied with own Home' were available for Trust in Quarter 1, however Wishaw & District performance was 100% satisfaction.
5.12	Gail moved onto summarise the Rent KPIs and highlighted that we achieved 2.94% Gross Rent Arrears which is just below our proposed target and under Scottish Average. Gail noted this will be another Customer Experience Partner responsibility area and a team of 14 are now getting to grips with their own patches and rent areas. Gordon queried the Former Tenant Arrear target, asking if the 1.3% target is an end of year target and if quarterly accumulation builds up to that. Gail confirmed this was the case and noted that the first three quarters do not include write offs and this may be useful for us to include in the narrative going forward.
5.13	Gail added that the main focus is to show we're keeping on top of current tenant arrears, so we don't have a large balance remaining when they end their tenancy.
5.14	Paul added that we would expect Time is Now to assist with that. Gail advised that she is very confident the new structure is the way to go to achieve our goals and the Customer Experience Partners are very motivated with their smaller branches and less houses but responsibility over everything occurring in that patch whether it be allocations, rents, satisfaction or Anti-Social Behaviour.
5.15	Gail noted that 100% of Anti-Social Behaviour complaints were resolved within timescale, with one category A complaint where a tenant was charged by the police during a neighbour dispute. Finally, Gail noted that Trust had no Care Inspectorate (CI) or Food Hygiene inspections and these are not expected to be implemented for a while as we have been assessed as being a lower risk category.
5.16	Zoe presented the final pages of the performance report around staff absence, noting an increase in Quarter 1, driven by both long and short-term absence. Zoe noted that delayed surgery referrals are now coming through, contributing to long term absence and track and trace or positive covid-19 tests are contributing to short term absence. Zoe concluded that these are similar to patterns across the UK. Gordon queried if all track and trace was counted as short term absence. Zoe confirmed that this was the case for development frontline staff but those office staff who can work from home and self-isolate are continuing to do so unless they are symptomatic.

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5.17	Decision: Noted contents of the report and performance against our operational KPIs for Q1.
6. 6.1 6.2 6.3 6.4	Internal Audit Programme 2021/22 Zoe noted that Claire and Gemma have joined us today from BDO to run through the Internal Audit Plan which has been discussed and reviewed with Paul as Chair and Ali Ross as Vice Chair in advance of this meeting, as well as a review of the proposed topics at Leadership Team. Zoe referred to the papers which summarise these topics in the boardpack, including a light touch review of risk management, business change, benefits service, catering, and the usual follow up review. Claire from BDO advised that the audit plan in the packs includes an overview of BDO's role as internal auditors, the resources that are going to apply to this work and the suggested area of coverage, both for the first year and future years. Claire highlighted that they see their role as providing that independent objective assurance, whilst also offering consulting activity to add value back and to improve operations. Ali advised that, in relation to Health & Safety, if something comes up during the year which is deemed urgent or of great importance, BDO would be flexible for responding to that and the audit plan is not set in stone. Zoe added that a good example from last year was the Gas Safety audit being included. Decision: Noted the contents of this report. Decision: Approved the internal audit plan for 2021/22.
7. 7.1 7.2	GDPR & Freedom of Information Update Zoe referred to the GDPR & and Freedom of Information paper within the board pack and noted no issues of concern. Paul noted that we have not seen as many FOI requests as once anticipated at the start of the legislation being implemented. Decision: Noted the content of the report.
8. 8.1 8.2	Health and Safety Report Jackie referred to the Health & Safety Report included in the boardpack and summarised key points for Board, initially noting 8 accidents during Quarter 1, none of which were RIDDOR reportable. Jackie noted that the contract for appointing M4 as our Fire Safety Consultants has been signed, covering 2 years with the option of extending to a 4-year contract in total. Jackie added that we are working with M4 to develop an online portal which will have a dashboard and action plan and we are working through the final Fire Door Inspections and M4 will asset tag all our fire doors.

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8.3	<p>Jackie provided an update relating to the fatal fire at our Joppa development on the 26th May 2021. Jackie advised that the Scottish Fire and Rescue service completed a fire safety audit on the 8th July 2021 which is a standard response, and the fire service auditor was pleased with our level of fire safety measures and was happy we were meeting all requirements – and he also confirmed on the night of the fire our detection alarm system activated as it should. Jackie advised that a couple of recommendations came out of this audit for other areas of the development which were unaffected by this particular fire incident. Jackie noted that these are not major works and will be actioned in due course, including a lack of fire blanket in the communal kitchen and the need for servicing of the tumble dryer duct in the laundry, which we’re going out to tender for in the next week or two. Jackie noted that the recommendations from Audit were relating to the wider development, rather than the tenants flat where the fire occurred.</p>
8.4	<p>Gordon queried if we have had tumble dryer servicing in the past or if this is a new action. Jackie advised that since starting with Trust last month, she is not clear on the history and whether a contract lapsed but certainly a contract is going to be in place going forward. Jackie advised that she will be reviewing the contract register in detail, which is currently in place. Rhona McLeod, Chief Executive, added that she recently visited our development at Joppa, and she had tenants and relatives seeking her out to tell her that although the fire was traumatic the response there from staff was excellent. Rhona noted that this was unsolicited positive feedback and tenants were thankful to our staff and praised the response procedures that are in place. Jackie added that she has suggested we have a ‘lessons learned’ session internally and this will be an approach we take going forward for every major incident we have.</p>
8.5	<p>Jackie summarised the updates on asbestos management, noting the 5 minor actions which have been completed. Jackie confirmed that our appointed asbestos specialist ACS have created the associations asbestos register and database which is now live, and we’ll be looking at how we can train our staff in asbestos awareness, with consideration given to face to face and online options.</p>
8.6	<p>Jackie gave a final update which related to a Notifiable Event recently at St. Margaret’s Court whereby a window came loose from its beading and fell onto one of our tenants. Jackie advised that we are concluding our investigation and have an independent contractor completing checks on all the remaining windows in the development. Jackie advised that the window unit in the tenant’s flat was replaced in December 2020 and no explanation has been found so far in how it became loose from its fittings.</p>
8.7	<p>Sister Jenny Lindsay, Board Member, queried if the window was above a radiator and if heat could have been a factor. Jackie confirmed that the room was certainly well heated and double-glazed units can pop and crack but in this instance the window has come loose and cracked on the floor into big sections, rather than beads coming loose with heat or popping. Jackie advised that so far it appears to have been a freak accident rather than any defect or any</p>

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8.8	<p>malpractice on our part, however this investigation will be concluded, and a report provided to the Regulator in due course.</p> <p>Decision: Noted the content of the report.</p>
9.	<p>Previous Minute of the Audit and Performance Committee Meeting of 27th May 2021.</p>
9.1	<p>Minutes unanimously agreed.</p>
9.2	<p>Decision: Approved as a true and accurate record.</p>
10.	<p>Action Tracker</p>
10.1	<p>No items currently on the Action Tracker.</p>
11.	<p>Any Other Business</p>
11.1	<p>None.</p>
12.	<p>Date of Next Meeting – 2nd December 2021</p>