

**GOVANHILL HOUSING ASSOCIATION
MINUTES OF MANAGEMENT COMMITTEE MEETING
WEDNESDAY 7th SEPTEMBER 2022 6.30PM
HYBRID MEETING – ELIM CHURCH AND ONLINE**

PRESENT: Annie Macfarlane (Chair)
Keith Kintrea
John McLardie
Iain Doherty
Audrey Flannagan
Cheryl Miller
Elizabeth Klein
Jen Cassell

IN ATTENDANCE: John Quinn, Director
David Robb, Head of Finance & IT (HFIT)
Chris Docherty, RSM UK
Jo Calderon, RSM UK
Liz Campbell, Minute Secretary

1.Apologies

Mujeeb Ur-Rehman, Wilma Logan and Barbara Robertson

2.Declarations of Interest

None

3. Auditor's Report – presentation by RSM UK

Apologies were given that Committee were not given a copy of the report in advance, but the Auditor thought it better to present a more finalised version rather than one with a number of caveats.

It was reported that a robust audit had taken place and an executive summary was given. It was noted that there had been a change in staff and there was a gap between the previous Head of Finance & IT leaving and the new person taking up the post. This had contributed to a delay from the projected timescale for delivery of the Audit and considerable effort was made by Association staff and the Auditors to ensure a successful audit was achieved.

The following points from the report were highlighted:

- Going Concern – there were no issues with this and there were no breaches of loan covenants.

- Confirming Cash In Bank – Barclays gave a figure that was different to that in the bank account. It is an admin error on their part and work is being done by them to rectify this. The Audit Report can be signed off by RSM once this has been received from Barclays.
- GCDT – There was grant funding of £35k that was matched to redundancy costs, but no redundancies were made. Head of Finance & IT thinks this relates to a periodic journal and it will be adjusted in the next couple of days.
- It was stated that this issue had been raised before. That some people were on a fixed term contract and that the post would naturally end at the end of the fixed term post. Auditor stated that it could be stated that redundancy is allowable but that would require Committee to agree to it. It was stated that Officers advice would be required. It was reported that staff were recruited using EVH conditions of service. Committee gave approval to close this matter off.
- Page 4 – Materiality – as expected and there is no change in this. There are some items that are classed as unadjusted, and need signed off by Committee – this is discussed later in the report.
- Page 5 – Highlighted Risks – walkthrough testing was carried out by the Auditor and all processes are operating as expected. There is no management over ride of controls and there is appropriate segregation of duties.
- External Auditor has also spoken to the Internal Auditor and is happy with their work.
- There is no management bias in the accounts and Auditor is comfortable that there are no underlying issues.
- Samples were tested for cut off dates and there is satisfaction that everything has been accounted for in the correct year.
- A revenue recognition test was carried out. This is a powerful audit test that predicts what the rental income should be, and satisfactory results were achieved.
- There has been no breaches of covenants and stress testing shows that there is comfortable headroom to allow for increased costs.

The Auditor was comfortable that GCDT is in a good financial position and does not require the support of the parent company (Govanhill Housing Association).

All in all, a clean bill of health was given.

It was stated that the audit had taken longer this year and some things that would have previously been ready were not. This was not a criticism of the team or of the new HFIT. It just meant that the audit was not as efficient as it could have been. The Auditor stated that he was happy with controls that were in place.

- A question was raised about the stock reconciliation. It was stated this is listed as an unadjusted disclosure. It is not technically an issue this year but transfer of asset should be done and it was stated that there is no depreciation in the year of purchase,

It was stated that HFIT had provided formal responses to the points raised and these will be included in the final report.

- On page 9 – Journals – Not all journals were in the schedules, but it was suggested that there is a formal process and template used for journals and they are reviewed on a monthly basis.
- GCDT – There has been progress made with the fixed asset register. There were inconsistencies in the computer equipment but in discussion with Head of Development & Property Services said items that had been capitalised were not categorised. It would be useful for both parties if capitalisation policy was introduced.
- Childcare Vouchers had been wrongly paid to a provider – this was discussed in detail at GCDT meeting and the majority of the money has been recovered and the balance will be repaid soon.
- GCDT does not have a doubtful debt provision and a formal bad debt provision is recommended.
- It was also recommended that there is a stock listing made to ensure that every property is insured.
- It was felt that the provision for arrears was too high. IT was stated that when Universal Credit was introduced it was thought it may lead to increased arrears and that is why the provision was made at that level. This is noted as a judgemental figure and it is prudent to overprovide so this comment will be removed from the final report.
- It is highlighted that the fees stated on page 14 were in excess of what was originally agreed but the ethos was to get the work completed and discuss this at the end of the audit.

Discussion took place and a comment was made that stating something of £500,000 was immaterial may be hard for tenants to understand.

- Pg 19 – the unadjusted asset under construction was discussed earlier in the meeting. Other comments are standard, but the capital comments note should be removed as McGills are now in administration.
- SHAPS and Pension Trust review – this is swings and roundabouts and the final figure would be in 2024 accounts so there is just a note about them included this year.

There were no further questions, and the Auditors were thanked for their presentation.

4. Report Requesting Approval of Housing Association Accounts for Year Ended 31st March 2022

Subject to the changes discussed the accounts were approved.

5. Report Requesting Approval of GCDT Accounts for Year Ended 31st March 2022

The accounts were discussed at GCDT meeting earlier tonight. **Subject to the changes discussed the accounts were approved.**

Head of Finance & IT needs to forward the responses to the Audit to the Scottish Housing Regulator (SHR). The responses are:

- Year End Procedures – a quarterly checklist will be implemented – this is a matter of good housekeeping.
- Journals Record Keeping – this will be done sporadically, and a quarterly checklist added to the procedures
- Fixed Assets – A formal capital realisation will be agreed, and the fixed asset register will be reviewed.
- GCDT – Childcare Vouchers – This took 3 months to recover the sums as the nursery would only speak to the [REDACTED]
- The lack of oversight on nominal accounts of GCDT. Meetings have taken place between Trust staff and Finance. Once it has been agreed what reports are required these will be given to Trust staff.

Approval was given for HFIT to forward these responses to SHR.

Auditors gave thanks to HFIT and the team for making time available to the Auditors, and it was asked that their thanks be passed onto the staff team.

Chris Docherty and Jo Calderon left the meeting at 7.31pm.

6. Updated Management Committee Expenses

It was reported that the subsistence allowance for Committee Members had remained the same for a number of years. This has been reviewed and subsistence allowance has been increased by £5.

7. Documents for Formal Execution

None

8. Correspondence – For Information

None – EVH Annual Report was circulated to members

9. A.O.C.B.

A member of staff has requested to take part in a training course costing £1100. This was identified in the personal development review, and increased skills will also benefit the Association. The usual criteria are if the staff member leaves within a certain amount of time all or some of the course fees can be reclaimed. It was stated that this would usually be approved by F&GP sub committee. It was confirmed that there was a timing issue, so a faster decision was required. **Approval was given to fund the requested course.**

A question was asked about the announcement made today regarding rent freeze and ban on evictions. It was stated that it was too early to comment and would see how this develops. This could mean if someone is disrupting and causing a nuisance to other neighbours their tenancy cannot be terminated.

It was stated that a planning application has been submitted for the small site behind the garages. This was raised for information purposes only.

Members were asked to consider becoming a representative on the EVH Board. The Chairperson currently does this but on her leaving it would be good if someone else from the Management Committee would consider this.

This is the Chairperson's last meeting, and all members wished her the very best for future endeavours. Over the years her campaigning on behalf of residents of the local area and the Association have made a significant difference. Her dedication and hard work have been very much appreciated and she will be missed by many people.

10. Date of Next Meetings

AGM Thursday 15th September 2022

Management Committee Wednesday 28th September 2022

The meeting closed at 7.51pm