

**Minutes of the Meeting of the Audit & Risk Committee
held on 18 May 2023 at 11 am
via Teams**

PRESENT:	Isabel McGarvie Margaret Moore Graeme Russell Douglas Peters	Chair
IN ATTENDANCE:	Lynne Douglas Tracey Howatt Debbie Collins Martin Ritchie Michelle Breen	Chief Executive Director of Customer Experience Chief Operating Officer Internal Auditor, TIAA (up to and including Minute 082 only) PA (Minutes)

078. Apologies for Absence

Apologies for absence were received from Derek Breingan, the Director of People & OD, the Interim Director of Strategic Assets and the Governance Manager.

079. Declaration of Interests

There were no declarations of interest.

080. Minutes

- (i) Minutes of Meeting held on 20 February 2023
The Minutes of the Audit & Risk Committee meeting held on 20 February 2023 were approved and signed by the Chair.
- (ii) Confidential Minutes of Meeting held on 20 February 2023
The Confidential Minutes of the Audit & Risk Committee meeting held on 20 February 2023 were approved and signed by the Chair.

081. Business Arising

- (i) Action List
The Audit & Risk Committee noted the Action List.

082. Internal Audit

(i) **Confidential Redacted**

(ii) **Internal Audit Assurance Review of Staff Recruitment and Selection**

The Committee received Report A&R/5(ii)/MAY/23 from the Chief Operating Officer.

The Internal Auditor confirmed the executive summary gives substantial assurance. It was noted recruitment and retention has been a challenge, but there are internal controls in place, and the Report has positive findings.

The Audit & Risk Committee

(i) **approved the Internal Auditor's report for Assurance Review of Staff Recruitment and Selection; and**

(ii) **noted the one recommendation.**

(iii) **Internal Audit Follow-up Review**

The Committee received Report A&R/5(iii)/MAY/23 from the Chief Operating Officer.

The Internal Auditor iterated management have responsibility of ongoing and implementation of recommendations and reviewing this on an annual basis. It was noted 8 recommendations have been met, 9 remain outstanding, and 1 in relation to agency is being considered, but the risk has been accepted and will not be taken any further. Reactive Repairs, Data Protection and Contract Management remain outstanding.

A new procurement system is being developed and the Contract Management and Procurement Actions will then be finalised.

The Chair queried the timetable for the 9 outstanding recommendations and it was agreed an update on these recommendations will be tabled at the forthcoming Audit & Risk Committees. The Chief Operating Officer stated there is no recourse for Bield not hitting these timescales from the Scottish Housing Regulator and gave assurance these recommendations will be moved forward.

The Chair queried whether it is common to have recommendations outstanding for this length of time and the Internal Auditor answered it can be common where there is an implementation of a new system causing the delay and there has been reasonable justification for the delay. The Chief Executive stressed the actions directly relating to the implementation of the new CX system have been looked at closely over the past 18 months, and the expected dates will be updated to reflect the timing of CX going live.

The Director of Customer Experience provided reassurance Reactive Repairs will be completed within the timescale; Data Protection will be implemented by the end of this month; and Void Management has been implemented with further training for local development managers scheduled for June.

The Audit & Risk Committee noted the Internal Auditor's Follow-up Review.

083. Priority Items

(i) **Loan Portfolio Return 2022-23**

The Committee received Report A&R/6(i)/MAY/23 from the Chief Operating Officer.

The Chief Operating Officer informed the annual submission to the Scottish Housing Regulator shows one small unsecured loan with the Government for the fire protection system, with a balance of £400,000. Graeme Russell highlighted for Bield to have a lot of unsecured assets, this is great position to be at. The Strategic Asset Management Strategy, 5 year financial plan and delivery plan will be submitted to Board and borrowing will progress, but within the parameters of borrowings as a Landlord.

The Audit & Risk Committee noted the Loan Portfolio Return and recommend that the Board approves its submission to the Scottish Housing Regulator.

(ii) Board Assurance Framework

The Committee received Report A&R/6(ii)/MAY/23 from the Chief Operating Officer setting out a proposal on how to change the Board Assurance Framework, on the back of finalised five year strategy. The Committee noted the good piece of work and approved the timescales subject to the query on the risk assessment.

The Audit & Risk Committee

- (i) recommended the development of a new Board Assurance Framework to the Board to support Bield's new Strategy; and**
- (ii) noted the timescale to develop and implement the new Board Assurance Framework.**

084. Items for Noting

(i) Risk Management Annual Report 2022-23

The Committee received Report A&R/7(i)/MAY/23 from the Chief Operating Officer setting out key risks identified for the strategy and explained; R means residual; C means where do we put the risk and what mitigations are in place to replace it; C & R in the same orange box means no matter what mitigations Bield put in place it is still seen as substantial; C in yellow but R in green means reduce our Governance of the size of the risk.

Pensions are less risk due to the repayment plan which expects to complete in 2028. The repayment of the deficit in the 5 year financial plan will give Bield £2 million a year back.

The Audit & Risk Committee

- (i) noted the contents of this paper; and**
- (ii) confirmed that there is a satisfactory system is in place for the review of risk.**

(ii) Treasury Management Annual Report 2022-23

The Committee received Report A&R/7(ii)/MAY/23 from the Chief Operating Officer stating there is no financial covenants as there is only an interest free loan from the Government. Investments with Baillie Gifford are on hold as the investment valuation has reduced by £600,000. Once the 30 Year Plan has been submitted to Board a decision can be made on moving to a lower portfolio which will incur costs.

It was queried moving the cash balances to a higher interest rate and to spread funds over a larger number of organisations and it was decided this will be discussed at the July Treasury Strategy meeting for recommendations and will be discussed with Flagstone and Baillie Gifford before then.

The Audit & Risk Committee noted the paper

(iii) Procurement Annual Report

The Committee received Report A&R/7(iii)/MAY/23 from the Chief Operating Officer setting out the procurement annual activity, showing £8 million tendered to various routes during the year. There was a question around community benefits and there was feedback on ground maintenance, that they hire locally and train local employees for the community, and putting in planters in the local community. The Procurement Manager is embedding the community benefits in all significant future procurement activity.

The Audit & Risk Committee noted the content of the Procurement Annual Report.

085. Any Other Business

The Committee commended the meeting and said it was a testament to the quality and information supplied by senior staff, very fulsome and detailed information.

086. Date of Next Meeting

The date of the next meeting is due to take place on 29th June 2023.

Post Meeting Note: The date of next meeting has subsequently been changed to Wednesday 19th July 2023.