



DRAFT MINUTES OF THE MANAGEMENT COMMITTEE MEETING

HELD ON WEDNESDAY 26 JULY 2023 at 6.30p.m.

MEETING HELD IN THE COMMITTEE ROOM OF THE CO-OPERATIVE'S OFFICES

1. SEDERUNT

PRESENT: P. Waddell (Chairperson); D. Barnes; A. Cushingam; J. Gracey,
M. Davidson; C. Harvey (Zoom); D. McNulty (Zoom);
B. Hartness (Co-optee); C. Douglas (Co-optee)

IN ATTENDANCE: K. Mollins – Director (Zoom); J. Meechan – Temporary Housing Manager;
F. Nicholl – FMD Financial Services Ltd; and K. Booth – Alexander Sloan
Chartered Accountants

Apologies: C. Cooper;

Leave of absence: None

2. MEETING OF THE MANAGEMENT COMMITTEE

a) 28 June 2023

i) Minute

The minutes of the Management Committee meeting on 28 June 2023 were approved by J. Gracey and seconded by A. Cushingam.

ii) Matters Arising:

There were no matters arising

b) 4 July 2023 Electronic Business)

i) Minute

The minutes of electronic business by the Management Committee on 4 July 2023 were approved by A. Cushingam and seconded by J. Gracey.

ii) Matters Arising:

- a) The Director informed the Committee the Maintenance Manager has held the pre-start meeting with David Adamsons and the stock condition survey will commence in August 2023.

3. DECLARATIONS OF INTEREST AND NOTIFIABLE EVENTS

It was noted that Committee and staff will declare an interest as follows:

Committee members

- R. Hartness will leave the meeting for agenda Item 5 Report on External Audit Tender
- J. Meechan will leave the meeting for agenda item 6 Staff Structure Review.

Staff Members would leave the meeting for agenda for the following agenda Items:

- Item 8 – Confidential Business as directed by the Chairperson

Notifiable Events - The Director advised there continue to be two on-going notifiable events (NE).

4. ANNUAL ACCOUNTS 2022-23

K. Booth presented his report and annual accounts 2022-23 and covered the following:

- A key requirement for the Co-operative was to ensure there was a system of internal financial controls, which was in keeping with the expectation of the Scottish Housing Regulator and compliance with Regulatory Standards.
- The financial statements 'give a 'True and fair view' of the Co-operative's affairs at 31 March 2023 and of the surplus at the year end.
- The Co-operative is a going concern with no material uncertainties relating to its events or conditions.
- The Co-operative has a clean audit report.
- The following were highlighted from the accounts:
 - There was an increased operating surplus from £347k in 2021-22 to £581k in 2022-23;
 - The overall surplus in the year was £344k with the total comprehensive income being £234,900 due to losses in the defined benefit pension scheme;
 - Net current assets had reduced to £34m mainly due to property depreciation;
 - Creditors reduced from £948k to £827k;
 - £2.7m in cash in the bank.
 - £9.4m net current assets and this represent a healthy balance sheet.

There were no comments or questions on the annual accounts.

K. Booth presented the letter of representation to be issued from the Co-operative to Alexander Sloan detailing the information they have received in relation to the Annual Audit.

K. Booth presented the Audit Summary report, which covered:

- Audit Opinion – Has the audit work been carried out in accordance with International Standards of Auditing;
- Audit Independence and Ethics;
- Key Audit Issues;
- Qualitative Aspects of Financial Statements;
- Adjustments to the Financial Statement – There were no unadjusted errors;
- Internal Controls - Current Control Weaknesses.

There was discussion on the 'current control weaknesses' in the report and F. Nicholl detailed the Management's response on:

Current Control Weaknesses;

- Rent Reconciliations
- Bank Reconciliations
- Purchase Ledger Reconciliations

F. Nicholl advised the Committee that reconciliations had been an issue in the year due to staff turnover and these were now in order and reconciled on a monthly basis by the Finance Officer.

- Share memberships;
F. Nicholl confirmed the share memberships had been reconciled, although in the year the £1 share was mis-posted to various accounts. This has been fully addressed and reconciled to June 2023.
- Salary Increase letters;
- Component Accounting
F. Nicholl confirmed this was a legacy issue and she had brought this to the Auditor's attention that the spreadsheet did not account all components to the properties. F. Nicholl confirmed she will attend to this in 2023-24, which will be informed by the impending stock condition survey,

Prior Control Weaknesses;

- Declaration of Interest forms - Issue resolved
 - Employment contracts - Issue resolved
 - Purchase invoices - Issue resolved
 - Petty cash - On-going
- (The Auditor stated Petty Cash should be reconciled on a monthly basis.)

The Management Committee raised the following queries or questions in relation to the annual audit

- A Committee member asked about component accounting and why this was not highlighted in previous audits. F. Nicholl confirmed she had no explanation why this wasn't raised in previous audits or attended to by management. Her focus was to attend to this legacy issue.
- A Committee member referred to the recommendation to reconcile petty cash and the reassurance given to the Committee and the Scottish Housing Regulator. F. Nicholl confirmed the petty cash was reconciled regularly throughout 2022-23. The Director confirmed the report on the petty cash shortfall had a number of actions including monthly reconciliations to provide assurance there would be no recurrence of a shortfall in the petty cash.

The Committee discussed and agreed the management response to current control weaknesses and noted the improvements made in the year to attend to these going forward.

The Committee approved the Annual Accounts and Letter of Representation and delegated signing to the Chairperson, P. Waddell, Committee member, D. Barnes; Chairperson of Audit & Finance Sub-Committee- A. Cushingham; and Secretary, K. Mollins, as required K. Booth will issue the Annual Accounts and Letter of Representation for signing.

The approved Annual Accounts to March 2023 will be presented to the members at the AGM in September 2023.

K. Booth left the meeting.

R. Hartness left the meeting.

5. PROCUREMENT OF EXTERNAL AUDIT CONTRACT

The Director presented his report on the tender for the External Audit (EA) Contract and highlighted the following:

- The background to the tender, where the contract was last tendered in 2019 and review arrangements;
- An invitation to tender document for the EA Contract was published as an open tender on Public Contracts Scotland. The Contract was on a 3 year term with an option of an additional 2 years, although this would be subject to annual review by the Committee and Shareholders at the AGM;
- There were 4 companies that expressed an interest in the contract, but only 2 tender submissions;
- The tenders were appraised on a 70% quality and 30% price basis, which assessed a range of factors including the companies' experience, experience and qualifications of staff, approach to the EA contract, audit arrangements; and the provision of key documents;
- Section 3.8 of the report outlined the quality and price score for tenderers;
- The lowest tender for the EA contract over the initial 3 years was £33,045;
- The Panel would propose the appointment of Alexander Sloan as the Co-operative's External Auditor.

The Management Committee raised the following queries or questions in relation to the tender report on the External Audit Services Contract

- The Chairperson acknowledged the recommendation, although commented on the longevity of Alexander Sloan's relationship as the Co-operative's external auditor. The Committee discussed this and were agreeable their appointment was in keeping with Regulatory expectations

The Management Committee decision was to appoint Alexander Sloan for the External Audit Contract subject to references and agreement by the members as the AGM in September 2023

R. Hartness re-joined the meeting.

F. Nicholl and J. Meechan left the meeting.

6. STAFF STRUCTURE REVIEW / COMMITTEE MINI-CONFERENCE

a) Meeting of the Staff Structure Review Sub-Committee on 10 July 2023

i) Minute

The minute of the Staff Structure Review Sub-Committee is for information only.

ii) Matters Arising:

- a) The Director confirmed that the final draft report on the staff structure would be presented to the Committee in August 2023 with an implementation plan.

The Committee noted the content of the report.

J. Meechan rejoined the meeting

7. CORRESPONDENCE

- i) Note of Meeting between the Glasgow West of Scotland Forum and the Scottish Housing Regulator.

The Director presented the note of the meeting between the GWSF and the SHR, which covered:

- SHR's messages on rents
- How the SHR deals with Significant Performance Failures
- SHR's approach to health & safety
- Regulatory status
- GWSF's support for troubled RSLs
- GWSF's advice on Options Appraisals
- SHR's approach to equalities and human rights

The Management Committee raised the following queries or questions in relation to the liaison meeting between the GWSF and the SHR.

Members of the Committee felt it was interesting and informative, especially the discussion on the options appraisal process.

The Committee noted the content of the report

ii) SFHA Utility Support Fund

The Housing Manager presented a report and advised the Committee the Co-operative had secured £54k to deliver a utility and crisis support service for tenants and local residents to March 2024 from the SFHA. She provided a summary of the services and support the Wise Group would provide to tenants through to March 2024.

The Housing Manager confirmed the Wise Group will be invited to attend the Committee Mini-Conference to discuss the project, which is currently funded to March 2024.

8. CONFIDENTIAL BUSINESS

There was no confidential Business.

9. ANY OTHER BUSINESS

- a) Retirement of long-term Committee Member – The Chairperson informed the Committee that G. McNaught was retiring as a Committee member following 10 years' service and proposed a gift of £100 due to the circumstances in keeping with the Donations, Gifts & Hospitality Policy.
The Committee agreed to the gift of up to £100 and the Chairperson was delegated to organise and present this to the member at the meeting in August.
- b) Additional Meeting – A Committee member queried whether this additional meeting accounted for members' attendance and the 4-meeting rule. The Director confirmed that the meeting would account for attendance and any members' absence, which could inform the 4-meeting rule.
- c) The Chairperson thanked C. Douglas (Co-optee) for his work and support since joining the Committee in December 2021, which was endorsed by the full Committee.

10. DATE OF NEXT MEETING

Management Committee - Wednesday 30 August 2023 at 6.30p.m. to be held in the Committee room in the Co-operative's office.

Chairpersons Signature: _____

Date: _____