

Northwards Housing – Resource & Audit Sub-Committee Meeting

Hexagon Tower
Tuesday 24th June 2008 at 5.30pm

Chair: Michelle Carmichael

Present: Michelle Carmichael (MC) Board Member
Rachel Christie (RC) Board Member
Mark Hackett (MH) Board Member
Martin McKeivitt (MM) Board Member

In Attendance: Steve Wood (SW) Director of Business Services
Robin Lawler (RL) Chief Executive
Alison Foster (AF) Head of Finance
Toby Wilson (TW) Grant Thornton UK LLP
Neil Garnham (NG) Grant Thornton UK LLP

ITEM	SUBJECT	ACTION
1	Welcome and Introductions It was confirmed that the meeting was quorate.	
2	Apologies for Absence Apologies for absence had been received from Paul Seymour.	
3	Declaration of Interests / Confidential Matters / Equality & Diversity Matters Arising There were no matters for noting under this item. Equality and Diversity implications were noted on particular reports.	
4	Minutes of Last Meeting The minutes and confidential minutes from the last meeting held on 27 th May were approved and signed by the Chair.	
5	Matters Arising a) Average Void Spend AF reported on the calculation of Average Void Spend for the year to 31 March 2008 which had shown a figure of £2,622 per void during the year. Taking out the 30 largest voids, which totalled around £400,000, this would reduce the average down further. AF also advised Sub-Committee that expenditure was already high during the first part of 2008-09 and that this was being monitored closely.	

	<p>Sub-Committee discussed to what extent option appraisals were carried out on void properties and MH presented the view that dealing with voids was not just a financial question. It was noted by Sub-Committee that a regular report on large voids expenditure went regularly to Procurement & Property Sub-Committee.</p> <p>Sub-Committee noted the report.</p> <p>b) Decent Homes Budgeting</p> <p>SW updated Sub-Committee on the previous internal audit recommendation around budgeting for decent homes work and reported on the change procedure that was now in place. He confirmed that the area was due to be revisited in the current years internal audit plan.</p> <p>c) Financial Inclusion Strategy</p> <p>AF confirmed that the action plan had been updated to include responsible people for particular actions as requested. It was agreed that the strategy would be posted on the Governance Website for Board members information.</p> <p>d) Planned Repairs</p> <p>AF confirmed that she had held a meeting to discuss planned maintenance and budget profiling with the new Head of Responsive Repairs and that discussions to improve this area were continuing.</p>	
6	<p>Accounts 2007-08</p> <p>The Chair welcomed Toby Wilson and Neil Garnham to the meeting and they introduced their Key Issues Memorandum which had been circulated with the agenda.</p> <p>The key areas that had arisen for discussion from the audit were the Legal Compensation Provision and Accounting for Retirement Benefits. The auditors outlined the work that had been done and had concluded in both cases that reasonable provision and disclosure had been made within the accounts for all the matters related to the particular areas. In relation to the Legal Compensation Provision, the auditors had concluded that the amount provided looked prudent but not overly so that was material to the accounts.</p> <p>In relation to other key material areas, the auditors had concluded that they had no issues around management fee income as this had been agreed at the beginning of the financial year and had come out as planned. There were equally no issues arising from the auditor's examination of accruals and deferred income.</p>	

In relation to the actuaries report in relation to retirement benefits, the auditors confirmed to Sub-Committee that the liability for pension provision had turned into an asset. This was principally due to an actuarial gain based on a change in the discount rate. Around the country these discount rates and the rationale behind them had varied and if the rate reduced in the following year, there would be a swing back towards a liability potentially.

The auditors confirmed that there were no mis-statements that they were aware of within the financial statements. Their review had confirmed all the disclosures which had been made by the officers and all outstanding matters and queries had been cleared.

The auditors reported to Sub-Committee that in their report to management, all the previous year's points had been cleared and that there were no new points to be raised this year. TW reported that this reflected on the management team who have been well prepared and put the accounts together on an extremely professional basis.

SW responded by reinforcing to Sub-Committee the involvement of the Finance Team as a whole and Sub-Committee expressed their thanks to the team for their work in getting to this point with the accounts.

As part of the Key Issues Memorandum, the auditors presented a draft of their letter of representation which was a standard part of the external audit that would help to focus the Board's minds on some of the key issues.

Sub-Committee discussed a couple of the key features of the accounts and asked a couple of questions. MH asked about the pensions issue and the auditors confirmed that there was no action necessary with the current position of the pension scheme as disclosed in the accounts. It was agreed that there was a need to continually review the scheme and SW reported on the rise in the employer contribution rate and the balance between the benefit and cost.

It was noted that in the accounts, there was a large rise in the cost of supplies and services which was as a result of the stock condition survey which had been undertaken during the year. It was agreed that the note to the accounts should be annotated to make this clear to readers.

SW confirmed to Sub-Committee that the underlying financial position excluding the pension disclosure, which was for accounting purposes, was a deficit £44,000 together with a tax liability of £47,000, a resultant deficit for the year of £91,000.

With all matters having been dealt with, **the Chair asked Sub-Committee to confirm that the Sub-Committee should**

	<p>recommend to the Board that the Accounts and the Letter of Representation should be approved and Sub-Committee agreed with this proposal.</p> <p>The Chair thanked the auditors for their attendance at the meeting and they left at this point.</p>	
7	<p>Accounts - Monthly Budget Report</p> <p>AF presented the Accounts for the second month of the new financial year for May 2008.</p> <p>There were still some issues in relation to budget profiling that were still being worked through, but other than some key lines of repairs expenditure most costs were currently under budget.</p> <p>Sub-Committee reviewed the accounts and asked a number of questions in relation to the detail.</p> <p>After this, Sub-Committee confirmed that they were happy to note the Accounts.</p>	
8	<p>Inspection Action Plan</p> <p>SW presented an update report on the inspection action plan items that related to the remit of the Sub-Committee. In relation to overdue matters work was now progressing on dealing with all of them and Sub-Committee noted the report.</p>	
9	<p>Fraud Register</p> <p>There were no items which had been added to the register since the last meeting.</p> <p>Sub-Committee noted the report.</p>	
10	<p>Any Other Business</p> <p>There was no further business for Sub-Committee to consider at the meeting.</p>	
11	<p>Date of next meeting</p> <p>The next meeting would be on Tuesday 22nd July at 5.30pm at Hexagon Tower.</p> <p>With thanks to everyone, the Chair closed the meeting at 6.20pm</p>	