

CLOCH HOUSING ASSOCIATION

Minutes of the Audit, Risk & Assurance Committee Meeting
held on Thursday 26 February 2026 at 6pm
via MS Teams

Present: David McIndoe (Chair)
Clair Malpas
Kelly Ferns
Femi Okelade

David A McIndoe

David A McIndoe (Jun 18, 2026 09:17:32 GMT+1)

18/06/2026

Attending: Alana Durnin, Chief Executive Officer (CEO)
Robert Pollock, Director of Assets (DoA)
Megan Hughes, Finance Director (FD)
Michael Monaghan – Director of Customer Services & Communities (DCSC)
Ewan Barr, Head of IT & Corporate Services (HITCS)
David Quinn, Corporate Services Manager (CSM)
Shonaid Musgrove, Senior Corporate Services Officer (SCSO) – minutes
Philip Morrice (Auditor, Alexander Sloan)
Cameron Boyd (Auditor, TiAA)

Apologies: Eleanor Robertson, Nicola McLachlan, Karen Aitken, Ken Robertson

Item	Description
	<p>Bitesize Training – the Audit Process</p> <p>████████████████████ was providing training on the Audit process and what it means for the Board together with the change to ██████████</p> <p>Please refer to the Board Portal for the training session.</p>
1.	<p>Apologies & Declarations of Interest</p> <p>The apologies were as noted above. There were no declarations of interest given.</p> <p>The Chair commented that they were experiencing some wi-fi issues and asked if Board member, ██████████, would step in if required.</p> <p>The Chair advised that the meeting would be moving onto item 5 - Audit Process 2026/27 as the auditor was already present.</p>
2.	<p>Minutes of the Meeting held on 27 November 2025</p> <p>Resolution</p> <p>The Minutes were approved as a true record.</p> <p>Proposed: Clair Malpas Seconded: Kelly Ferns</p>
3.	<p>Matters Arising & Outstanding Actions</p> <p>The CEO advised as follows: -</p>

* for approval
** for noting

(p) Presentation at Meeting

	<ul style="list-style-type: none"> • Customer Involvement Team – DCSC is currently working on an interim Customer Engagement Strategy. • Investors in Young People – liaising with IYYP/Schools/GROW and planning an activity in the office and/or to take out to schools. • PS Report - My Cloch Portal: this item will be closed off as it is going to be redundant with the new Rubixx software. • Service charges – all items complete with the exception of putting a process in place to manage the future replacement process of supported accommodation furniture replacement and the Cloch+ for alternative furniture models. • Deferred policies – the new DoA will take these forward once in post (May 2026).
4.	<p>Qtr 3 Management Accounts</p> <p>The FD made a presentation to accompany the report that had been previously circulated and highlighted the following key areas: -</p> <ul style="list-style-type: none"> • Strong financial position with a net surplus of £1.65m exceeding budgeted surplus of £1m by approximately. £650k • Turnover - £8.53m for the year to date. Figure is slightly below budget mainly due to timing of grant income and write of off HAG for components being replaced. These items leading to the variance are accounting adjustments and non-cash items therefore not impacting the cashflows of the association. • Void loss performance improved (lower number of voids being returned and costs to repair reduced). • Operating costs of £6.58m lower than budgeted costs of £7.54m by £961k which led to an operating surplus of £1.9m (up on budget by £631k). • Reactive maintenance costs of £796.1k £63k lower than budget. No of jobs completed is up on last year but the cost per job has been reduced so savings made. • Service charge costs lower than budget – again timing of furniture replacements. • Depreciation underspent by £221k due to timing of component replacements. • Major repairs underspent by £998k; mainly due to timing delays but also some savings (eg boiler replacement instead of full central heating replacement). • Noncapital major repairs underspent by £264k – mainly from door replacement programme that has been deferred to Q4. • All covenants have been met. • Balance sheet stands at £24.1m; total cash at £4.4m. • Interest received is exceeding budget due to holding higher cash together with improved rates. Interest payable on track with budget. <p>The FD advised that there was no treasury management report this time just a summaries overview of our loan and cash position. 88% of loans on a fixed rate with 12% on a variable rate.</p> <p>The Chair thanked the FD for a very detailed report and presentation as well as an explanation of the variances that had been asked for previously. A member commented that the reactive figures demonstrated a strong control on spending. It was noted that the Association is performing strongly within its benchmarking groups. The FD was asked if the ratio between our fixed and variable rates was in line with the sector. The FD advised that the fixed rates give the Association that level of certainty which provides peace of mind and assists with planning.</p>

* for approval
** for noting

	<p>The variable ones provide the Association with opportunity for lower interest costs should the rates go down. The Chair noted that some of the properties used for security had now been released back to the Association.</p> <p>Resolution The ARA Sub-Committee approved the 2025/26 Quarter 3 Management Accounts.</p> <p>Proposed: Clair Malpas Seconded: Kelly Ferns</p>
<p>5.</p>	<p>This item had been taken first following the bitesize training session.</p> <p>2026/27 Audit Approach</p> <p>The auditor advised as follows: -</p> <ul style="list-style-type: none"> • Audit process & plan – emphasising regulatory compliance and risk assessment to ensure financial integrity. Agree the timeline and fees. • What the auditor’s role is – plan the audit and give an opinion. Assess going concern by reviewing the accounts to validate business continuity. • Check that no unauthorised payments have been made to staff/Board; look at late entries and/or any unusual entries. • Revenue recognition – check that Association has not overstated or understated income (covenants or rent arrears); should be able to gain good evidence of this. • Loan covenants – important to comply with them (impacts on finance statement). • SHAPS pension scheme is an ongoing risk as it’s very difficult to predict; pension asset/liability varies due to large number of assumptions (bond markets, etc). Auditor has to be sure that SHAPS has not made any errors so will compare with other pension providers and RSLs. • Auditor will perform reviews and testing of systems. • Economic conditions – inflation, Brexit, tariffs are monitored for impact (eg affordability of rents). • Key estimates – life of fixed assets (components, etc). • Separate team carry out corporation tax audit. • Audit timetable is aligned with the AGM (mid-September) when accounts are presented to the members. • Continual communication/discussion with Association during audit process to identify any areas of weakness. <p>Resolution The ARA Sub-Committee noted the report.</p>
	<p>██████████ left the meeting at 6.17pm</p>
<p>6.</p>	<p>Internal Audit Outcome (GDPR & FOI/SAR)</p> <p>██████████ was in attendance to speak to the report.</p> <p>The auditor advised that the outcome of the audit was “substantial assurance” which was the highest level of assurance. Any recommendations being made were low risk with some suggestions offering best practice within the sector: -</p>

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- Email Retention: not specifically addressed. Need to define this within the data retention policy.
- Subject Access Requests (SARs): these had been dealt with in time but one had been closed off immediately with no receipt acknowledgement having been sent. Another had been received but not acknowledged before being concluded. Staff to be reminded of processes involved.
- Third Party Register: this represents strong compliance and is something that not many in the sector practice. Some gaps within it but assistance required from other teams.
- Disposal of emails: not currently centrally automated (potential for inconsistencies) – look to automate.
- GDPR standard item on all agendas but only reported if something contentious occurs. Report quarterly going forward.

The Chair commented that this had been a very positive audit and acknowledged the good work carried out by the Corporate team. The Chair asked if it would be feasible to add the monitoring of breaches, SARs/FOIs, to the Corporate KPIs. After a brief discussion it was suggested that the ICO submissions be used for the reporting.

The Chair thanked [REDACTED] for attending the meeting.

Actions

1. Amend the Data Retention policy to include statement on email retention.
2. Staff refresher training on SAR timelines (training organised with external DPO for March 2026) but remind staff about the timelines at staff meeting.
3. Look to automate deletion of emails.
4. Report quarterly to Board or Sub-Committee.
5. Use quarterly ICO returns for Board rather than separate KPI reporting.

Resolution

The Sub-Committee noted the report.

[REDACTED] left the meeting at 6.48pm

7. Quarterly KPI's & Benchmarking

The CEO advised the KPI fact sheet could be included as an appendix to the KPI report, rather than being a link in the report. Following discussion, it was agreed to keep this data as a link, with the report covering KPI exception areas.

The KPI report highlighted strong performance overall, however there were areas of exception being focussed on by the team.

The key points were: -

- Void loss increased, linking to the number of properties rather than days to turnaround a void.
- Sickness levels up (relate to 3 long-term ones; 2 have returned with 1 taking retirement).
- Membership target should be reached by the end of Quarter 4.
- Complaints – DCSC did a training session with staff recently and the CSM continues to issue out complaints statistics on a weekly basis.

The Chair advised that they initially thought having the red/amber/green fact sheet as part of the report appendices would be better but having read the report, liked the format. A member agreed and stated that having the detailed report on the exceptions was more important, with the link to the full data there for reference.

Discussions took place about whether some targets were too ambitious or too low. The CEO stated that the LT wanted performance to be incrementally better year on year but also needed to be mindful not to be too ambitious, noting some Housing KPIs had been against already high performing areas, compared to peers. However, it was noted that there was room for change as new targets were being set for 2026/27 due to come to Board in March 2026 for approval. When setting targets historical performance and context within the external operating environment and benchmarking data is considered.


Resolution

The ARA Sub-Committee noted the report.

8.

Risk Register

The CEO asked the Sub-Committee if they would like the risk register as an appendix to the report, rather than a link within the report.

 The CEO gave an update on the selection of risks for deeper based on review the latest feedback, information and decisions, with risks associated with ICT & Board Succession selected, referencing Rubixx delay / Board appraisal feedback. Following a review of the mitigating actions presented tonight, Board would then be asked to re-consider the risk ratings, which had been increased.

As agreed the HITCS and the CSM would be presenting next to the meeting to give insight into 2 exceptions and why potential risks could be elevated or downgraded.

Risk 1

The HITCS reported on the following – ‘inadequate ICT and Communications that fail to facilitate effective service delivery and achievement of strategic goals’. The presentation was based on the delay of going live with the new housing management system from March to June and included: -

- Review of inherent risk scoring (likelihood 5 and impact 4); 20
- Residual risk currently (likelihood 4 and impact 4); 16
- Reducing risk further down to 12 with mitigating actions put into place.
- Detailed breakdown of what was currently in place, mitigation measures put in place, risk management and controls.
- Overall risk to the Association in delaying the ‘go live’ date for the housing management system was minimal.

The HITCS asked the Sub-Committee if they would be satisfied with reducing the risk score from 16 down to 12.

The CEO stated that this was the type of good discussions to have in the ARA Sub-Committee by examining, in detail, the rationale behind the scoring mechanisms with the decisions only being taken to the Board.

* for approval

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A member suggested the inherent impact score should sit at 5. The reason being that an ICT failure not only affects staff but all of the Association's functionality (eg no access for our customers to portals, contractors not being able to submit invoices, contractors/staff not being paid. This would be a financial and reputational disaster for Cloch. Similarly, post-mitigation is only as good as the practices that have been put in place. For example, staff are complying with the policies (eg updating carried out to apps, mobiles and laptops when advised) and have secure, password protected Wi-Fi connections at home.

The HITCS asked if the Sub-Committee felt that leaving the impact score at 4 or 5 but reducing the likelihood down to 3 was feasible. A member said that cyber-attacks are so numerous now that no-one can be deemed fully safe anymore and felt that the likelihood score should remain at 4.

A discussion took place whether the Association's key documents (eg business continuity plan) should be on all Board members desktops (on their laptops) so that they had access to this in a situation whereby access to the Association's systems was not possible. All key contact information/numbers is held within this. Or alternatively all LT/Board had a hard copy of this and other key documents.

Risk 2

The CSM reported on the following: "failure to recruit Board members".

This report followed the same process as the one before. Key to note was that the Board appraisals had shown that some members were contemplating stepping down in the next year or two. Planning to recruit new members was crucial as well as succession training for existing members. Loss of longer-term members would be a loss re knowledge of Cloch/housing sector and skillsets. Current Board complement continues to provide strong governance but has quite a few new members.

Discussions took place about being creative with the recruitment campaigns, encourage diversity (especially younger members and more tenants) and to keep the Board at the maximum level of 12 members; potentially having a waiting list of people who may be interested in joining should a vacancy arise.

The Sub-Committee felt that the score should remain at 12 and not be reduced to 8 for the meantime.

Actions

1. Additional mitigations re ICT to be included (eg ongoing patching, staff compliance, router security and hard copies of key documents).
2. Board recruitment drive to take place in March and maintain a 'waiting list' of potential members. Continue with training and succession planning for existing Board.

Resolution

The Board noted the report.

██████████ left the meeting at 7.30pm (had given notice at the start of the meeting)

9. Value for Money

* for approval
** for noting

	<p>The Sub-Committee had previously been circulated with a report from the CEO on a review of the Scottish Housing Network (SHN) average dataset based on the Association's 2024/25 submission and annual accounts.</p> <p>The CEO intimated that this was open for discussion and pointed out that it shows mixed results across the sector. The Association already knew that it had higher staff costs compared to other associations and works were underway to improve our repair costs. Similarly, planned maintenance expenditure will increase in the near future due to net-zero initiatives.</p> <p>A member commented that the statistics were only as good as the information that was submitted. This could be influenced by organisational size and data inconsistencies so wasn't necessary a defining overview, but it did give some indication where anomalies lay.</p> <p>Resolution The Sub-Committee noted the report.</p>
10.	<p>Business Continuity Testing</p> <p>The HITCS took the Sub-Committee through the report and highlighted that there had been no live tests of the system in this period due to the ongoing transition to the new housing management system. It was estimated that a live test would be carried out around November 2026 once the new system had been bedded-in. In the interim the LT had carried out a desktop exercise to keep testing elements of the plan. These will take place at each LT & Managers meeting focussing on a different business continuity event each time.</p> <p>With the termination of the Service Level Agreement (SLA) with ██████████ at the end of March 2026 the ICT disaster recovery contingency plan has been reconfigured o back up Association virtual server replicas to our cloud-hosted service provision with our managed service provider.</p> <p>Resolution The Sub-Committee noted the report.</p>
11.	<p>Governance – Assurance Action Plan (Review)</p> <p>The CSM took the meeting through the report and highlighted the following: -</p> <ul style="list-style-type: none"> • Completed actions included the approval of the interim people strategy, no longer subscribe to Investors in People (IIP), ongoing review of Board papers. • Ongoing actions included pension benchmarking, tenant landscaping surveys, KPI development with the Customer Advisory Panel (CAP), rollout of e-learning for the Board (this was being led by the Corporate Services Officer). • Potential future actions included investigating other surveys that the new housing system may be able to offer (eg an engagement module). <p>The Chair commented that it was good to have the feedback from the CAP group who continue to be engaged with the Association.</p> <p>A member expressed some concern regarding the pension benchmarking. They stated that a large exercise with consultation (& independent pension advice being offered to staff) had been carried out 2-3 years ago which culminated in a good pension offer being achieved. The CEO acknowledged this but intimated that the</p>

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	<p>SHR looks for good practice in carrying out a pension review every 3-4 years which provides assurance that the Association is in line with the sector and is a good employer.</p> <p>Resolution</p> <p>The Committee noted the report.</p>
	<p>The time was 7.52pm and the Chair suspended standing orders in case the agenda and meeting ran over the 8pm threshold.</p>
12.	<p>2025/26 Project Exception Report (all departments)</p> <p>The LT had prepared a report for the Sub-Committee with an update of projects that were incomplete or behind schedule. This new exceptions-based plan highlights the corrective actions required to get the projects back on-track whilst providing the Sub-Committee/Board with assurance for completion without duplication of reports/operational plans.</p> <p>The DoA referred the members to Project 6 (the procurement plan) and advised that the SHR extended the deadline to 31 March 2026 which the Association is unable to meet. The DoA stated that within the conditions of the grant the Association can complete by 2 April 2026 and has advised the SHR of this. A report will be made to the next Board meeting.</p> <p>Resolution</p> <p>The Sub-Committee noted the report.</p>
13.	<p>Health & Safety Update</p> <p>The SCSO advised that only minor changes had been made to the Health & Safety Control Manual including a small change to fire evacuation procedures; acknowledging enhanced procedures for neurodivergent individuals.</p> <p>Resolution</p> <p>The Committee noted the report.</p>
14.	<p>Notifiable Events</p> <p>The CEO confirmed that the previous notifiable event had now been closed off so there were none to report.</p>
15.	<p>GDPR</p> <p>From the internal audit of GDPR it had been agreed to provide a quarterly breakdown to the Sub-Committee using the statistics from the SIC quarterly submissions.</p>
16.	<p>AOCB & Reflections</p>
16.1	<p><u>Reflections</u></p> <p>Members stated the following: -</p> <ul style="list-style-type: none"> ✓ Quality, clarity and flow of papers and discussions – highlighting effective governance practices. ✓ Deep dives on risks/finances were appreciated to give significant time for discussions. ✓ Anticipate seeing the creative approaches for future Board recruitment.
16.2	<p><u>Fraud Report</u></p>

* for approval

(p) Presentation at Meeting

** for noting

	<p>The CEO advised that 2 x £20 fake notes had been taken by reception. This was not realised until the Association had banked monies and the bank highlighted the anomaly. The CEO advised that the Association does not take cash payments as a rule. However, if someone is paying towards rent/factoring arrears or a rechargeable repair then cash will not be refused. The DCSC has been appointed to lead an investigation.</p> <p>The Sub-Committee was advised that the Association will look to phase out taking cash completely.</p>
16.3	<p><u>Laptop Backgrounds</u></p> <p>A member enquired if the Board laptops could have a “corporate” background added so that all online meetings had a uniformity to them. This will be addressed.</p>
16.4	<p><u>New CEO</u></p> <p>████████████████████ will be in post as the new CEO of Cloch as from Monday 2 March 2026.</p>
16.5	<p><u>Farewells</u></p> <p>The Chair paid tribute to the outgoing CEO and SCSO who were both retiring on 31 March 2026.</p>
20.	Date of Next Meeting – 21 May 2026
	The meeting finished at 8.05pm

* for approval
** for noting

(p) Presentation at Meeting