



**Alexander Sloan**  
Accountants and Business Advisers

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# Oak Tree Housing Association Limited

## Audit summary report

### for the year ended 31 March 2023

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## Scope

The purpose of this report is to summarise for the Management Committee the key issues arising from our audit of the Financial Statements. This report is only for the use of the Association and must not be disclosed to any third party without our written consent. We do not assume responsibility to any other person in respect of this report or the audit.

## Acknowledgements

We would like to thank the Association's management and staff for their assistance and co-operation during the audit.

## Audit Opinion

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Based on our detailed audit work which is carried out in accordance with International Standards on Auditing, we have been able to satisfy ourselves that the Financial Statements provide a true and fair view of the Association's affairs and have therefore issued an unmodified audit opinion on the Financial Statements for the year ended 31 March 2023.

### Responsibilities

The responsibilities of the Management Committee and ourselves as auditors are set out in our engagement letter.

### Letter of Representation

Our audit opinion is based on the signing of the letter of representation and the accounts by the Management Committee and no further significant events arising up to the point of signing the audit report. The letter of representation has been sent to the Association for approval by the Management Committee.

### Fraud

Although we are required under International Standards on Auditing to consider fraud when carrying out our audit, the purpose of our audit is not the detection of fraud. Responsibility for the prevention and detection of fraud rests with the Management Committee who should not rely wholly on the external audit function to discharge these responsibilities.

## Audit Opinion (Continued)

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### Scope of Audit

The main objective of the audit is to form an opinion as to whether the Financial Statements of Oak Tree Housing Association Limited give a true and fair view and confirm that they are prepared under UK GAAP and comply with the Co-operative and Community Benefit Societies Act 2014, Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. Our audit report is made solely to the Association's members, as a body. Our audit work is undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for the audit report, or for the opinions we form. Further details of the scope of the audit are set out in our engagement letter.

## Audit Independence and Ethics

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We can confirm that we have complied with the FRS ethical standards and the ethical safeguards as set out in the Audit Plan.

### Audit Plan

The Audit Plan for the period ended 31 March 2023 sets out any matters that we are required to inform you of under the Financial Reporting Council (FRC) Ethical Standard and International Standard on Auditing (UK) 260: “Communication with those charged with governance”. We can confirm that as far as we are aware there are no changes to these matters or any further issues that may reasonably be thought to bear on the objectivity and independence of the audit team.

### Ethical Assurance

We can specifically confirm:

- the firm is not dependent on the audit fees;
- the firm is not owed significant overdue fees;
- there is no actual or threatened litigation between the firm and the Association;
- no benefits have been received by the audit team which are not modest;
- the firm does not have any mutual business interest with the Association; and
- no members of the audit team have any personal or family connections with the Association or officers.

At the conclusion of the audit, we have also conducted a review of our independence and objectivity. In our professional opinion, our independence and objectivity has not been compromised and the firm has acted in accordance with the FRC Ethical Standard.

## Key Audit Issues

We have set out below how we have dealt with the key audit issues and risks during the course of the audit.

Risks identified during audit planning	Resolution
<p><b>Management Override of Controls</b> International Standard on Auditing (UK) 240 requires us to treat management override of financial controls as a significant risk.</p>	<p>Our audit work did not identify any instances of management override of financial controls during the financial year under review.</p>
<p><b>Revenue Recognition</b> ISA (UK) 240 requires the auditor to presume that there are risks of fraud in revenue recognition.</p>	<p>Our audit work did not identify any misstatement of revenue.</p>
<p><b>Development risk (financial)</b> The Association has a continuing development programme and, as such, risk is increased due to the potential impact of the overall viability of each project and, in turn, upon the Association as a whole.</p> <p>In particular, the Strone Farm development is on hold and the Association is undergoing a retender to replace the contractor. There is a risk of impairment on this development and, if a contractor is not appointed, the Association may be liable to repay monies received from the Scottish Government.</p>	<p>Our audit work did not identify any material misstatement relating to developments.</p>

## Key Audit Issues (continued)

Risks identified during audit planning	Resolution
<p><b>Loan covenant compliance</b> The Association requires to meet loan covenants set by its various lenders.</p>	<p>Our audit work did not indicate any breaches occurring during the year and our review of budgetary information did not indicate any future breaches.</p>
<p><b>SHAPS Pension Scheme Liability SHAPS Pension Scheme Liability</b> Due to the significant number of estimates and assumptions used in the calculation of the pension liability there is deemed to be a significant risk of material misstatement.</p>	<p>Our audit work did not identify any material misstatement of Pension Scheme disclosures. We also considered the assumptions applied by the Association and considered these to be appropriate.</p> <p>Our audit work did not identify any errors in the year-end adjustments in relation to the performance of the funds. In addition, the additional disclosures required in relation to these funds have been reviewed and have been found to be adequate.</p>
<p><b>Current Economic Climate</b> The current economic climate is likely to have a significant impact on the operations of the Association including, but not limited to, affordability of rents, increased costs of finance, potential cost overruns on development and impairment.</p>	<p>Our audit work did not identify any issues in relation to the current economic climate that would impact on the financial statements or our audit opinion.</p>

## Qualitative Aspects of the Financial Statements

We have considered the key qualitative aspects of the financial statements and are satisfied these are reasonable.

Qualitative Aspects	Audit Findings
<p><b>Accounting Policies</b> FRS 102 requires that entities should review their accounting policies regularly to ensure they are appropriate to its particular circumstances for the purposes of giving a true and fair view. As part of the audit, we consider the appropriateness of these policies.</p>	<p>We have reviewed the Association's significant accounting policies and are satisfied that they are appropriate to the Association's circumstances.</p>
<p><b>Accounting Estimates and Judgements</b> FRS 102 requires that entities should use estimates and judgements appropriate to their particular circumstances for the purposes of giving a true and fair view. As part of the audit, we consider the appropriateness of these estimates and judgements.</p>	<p>We have reviewed the Association's significant accounting estimates and judgments and are satisfied that they are reasonable and appropriate to the Association's circumstances.</p>
<p><b>Timing of Transactions</b> The Management Committee is responsible for having accounting systems in place which accurately record financial transactions. During the audit we consider whether transactions have been recorded within the correct period.</p>	<p>No material recording issues were identified during the course of the audit.</p>
<p><b>Going Concern</b> The Management Committee are responsible for assessing whether the Association is a going concern for 12 months from the date of signing of the audit report. As auditors we review the Management Committee's assessment and whether we believe it is appropriate.</p>	<p>Based on our audit work we have concluded that the Management Committee's assessment is appropriate.</p>
<p><b>Disclosures</b> The Association is responsible for the preparation of the financial statements. We consider whether they are presented in accordance with UK GAAP.</p>	<p>We did not identify any material disclosure errors within the Association's financial statements.</p>



## Adjustments to the Financial Statements

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We have considered the impact on the audit report of any potential adjustments identified during the course of the audit.

### Scope

During the course of our audit, we may identify potential adjustments to the financial statements. All potential adjustments, which are not trivial, are discussed with the Association's management. The decision as to whether to adjust the financial statements lies with the Association as responsibility for the financial statements lies with the Association. As auditor, when preparing our audit report, we will consider whether the financial statements are materially misstated.

Adjustments made to the financial statements	Dr £	Cr £	
There were no audit adjustments made to the financial statements during the year			
Unadjusted differences	Dr £	Cr £	
No unadjusted differences were identified			

## Internal Controls

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Significant control weaknesses identified during the course of the audit will be brought to the attention of the Management Committee.

### Scope

During the audit we will consider if we have identified any control weaknesses, from our work, which are of sufficient importance to be brought to the attention of the Management Committee. It should be noted that the matters dealt with in this report came to our attention only during the normal course of our audit work and is not as a result of a special review of the Association's systems, procedures and controls. The findings in this report are not designed to be a complete record of weaknesses in your system.

### Responsibility

Overall responsibility for maintaining adequate financial reporting systems and systems of internal control, as well as for the prevention and detection of fraud, irregularities, and other errors, rests with management.

### Management

Please note that any control weaknesses noted are not intended to reflect in any way on the integrity or competence of any member of the Association's staff from whom we have received every assistance and co-operation.

### Findings

Details of our findings and recommendations are set out on the following page.

## Internal Controls (Continued)

### Issues raised in previous audit finding reports

Recommendation	Board Response	Status
<p><b>Tenancy Agreement</b></p> <p>In one of the rent receipts we selected for testing we were not able to confirm that a valid tenancy agreement was in place. The absence of a tenancy agreement may cause the Association issues in terms of arrears management and legal action.</p> <p>The Association should ensure that they have copies of all tenancy agreements</p>	<p>The Association has separate procedures in place to ensure that the Association's signed Tenancy Agreement is filed for each tenant at the end of the signing on process and that an electronic copy is attached to the tenant diary. There is an audit procedure in place to check that each of these() procedures are followed. In this particular case, the tenancy had been in place since 1996. This was prior to the ability to scan documents electronically.</p> <p>The Association has noted there are other means of providing proof of tenancy, however, they recognise that having tenancy agreements is best practice.</p>	<p>Resolved</p>

# Other Matters

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## Future Issues

Our website [www.alexandersloan.co.uk](http://www.alexandersloan.co.uk) contains details of some of the latest accounting and legislative issues affecting Associations.



## A Greener Audit

The firm is committed to minimising its impact on the environment in the services that it provides. The following measures have been put in place to minimise the carbon footprint of your audit:



### **Paperless Audit**

The audit was entirely paperless. The work was carried out electronically and will be stored electronically.



### **Travel**

We limited travel to your premises to carry out audit work and the majority of work was carried out by staff working from home.



### **Reporting**

All our reporting to you, including our audit report, was provided to you electronically.



### **Meetings**

All meetings were carried out using video conferencing applications.



### **Power**

We use cloud based servers from a company that has net zero emissions.



### **Commitment**

We are committed to further reducing our carbon footprint.

We aim to further develop this process and will seek to report to you annually on the environmental impact of our audit and will, where appropriate, make recommendations where improvements could be made to your systems that will have an environmental benefit.

## Contacts

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Should you require any further information regarding any matter raised in the report, then please contact one of your key contacts as set out below:

Contact	Telephone	Email
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