

Our Ref: AMCM/hd

Private & Confidential

Board of Management
Grove Community Housing Association
171 York Road
Belfast
BT15 3HB

19 September 2024

Dear Sirs

Grove Community Housing Association – year ended 31 March 2024

Introduction

1. We have prepared this letter in connection with the audit of Grove Community Housing Association for the year ended 31 March 2024.
2. International Standard on Auditing (UK) 260 requires us to communicate significant matters arising from our audit to you in writing. The purpose of this report is to set out the significant findings from our audit, for your consideration.

Status of audit and this report

3. Our audit is substantially complete. This report is being issued in draft for consideration by the Board of Management on 24 September 2024. A final version will be issued once the audit is complete and the following outstanding items have been received:
 - a) supporting documentation to confirm ownership status of the community garden;
 - b) copy of a signed employment contract for one employee; and
 - c) minutes of post year end Board of Management meetings.

Scope

4. Our work has been carried out in accordance with the terms set out and agreed in our engagement letter dated 30 July 2024.

Audit issues

5. There are no significant audit issues to draw to your attention in this letter. A summary of other audit findings which were discussed at the audit close out meeting are included at **Appendix A**.

Integrity, objectivity and independence

6. We have complied with the Financial Reporting Council's Ethical Standard. As communicated to you in our planning letter dated 31 July 2024 no threats to our independence have been identified. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention, and we confirm that we are independent and able to express an objective opinion on the financial statements.

Our responsibility in relation to identifying control issues

7. We are unable to provide a comprehensive statement of all weaknesses which may exist in the accounting and internal control systems or of all improvements which may be made, but have only addressed those matters which came to our attention as a result of the audit procedures performed.

8. We note however that because of the test nature and other inherent limitations of an audit, there is an unavoidable risk that even some material error may remain undiscovered.

9. We remind you that the responsibility for the prevention and detection of irregularities and fraud rests with yourselves. We have endeavoured to plan our audit so as to have a reasonable expectation of detecting material misstatements in the accounts, or accounting records, resulting from such irregularities or fraud, but our examination should not be relied upon to disclose irregularities or fraud which may exist.

Control issues identified during the course of the audit

10. We identified a number of control weaknesses which are set out in **Appendix A** to this letter.

Management representations

11. A copy of the letter of representation that the Board will be providing to Sumer is set out at **Appendix B**.

Summary of agreed adjustments

12. There were no audit adjustments required to the financial statements presented for audit. We did not identify any unadjusted misstatements during the course of our audit.

Anticipated audit report

13. We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

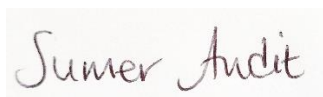
Outstanding matters

14. Prior to issuing our audit report we require:

- a) a signed letter of representation;
- b) signed financial statements which have been approved by the Board of Management; and
- c) confirmation at the date of signing that there are no subsequent events which you need to bring to our attention.

15. If you wish to discuss any aspect of this letter please contact Amanda McMaw or Helen Dodds at this office.

Yours faithfully

**Sumer AuditCo NI Limited**

e-mail: amanda.mcmaw@sumerni.co.uk
helen.dodds@sumerni.co.uk

Appendix A**Audit findings**

Audit Findings	Potential implications and recommendations
Work order accruals	<p>The works order accrual increased from £48k at 31 March 2023 to £121k at 31 March 2024. This increase is partly due to an increase in the measured term contract rate, however, the contractor is slow to invoice Grove which has also contributed to the increase. We understand that management have met with the contractor to raise these issues and that steps are being taken to issue confirmation that work has been completed on a timely basis.</p> <p>We recommend that Grove continues to liaise with the contractor to ensure that work order confirmations and invoices are received on a timely basis.</p>

Control weaknesses

Control weakness identified	Potential implications and recommendations
Declarations of interest	<p>Signed declarations of interest could not be provided for two members of the Board of Management who served on the Board during 2023/24.</p> <p>We recommend that declarations of interests are obtained from all members of the Board of Management.</p>
Unsigned employment contract	<p>Grove were unable to provide a signed contract of employment for one new member of staff appointed during 2023/24.</p> <p>We recommend that signed contracts of employment are retained on file. We also recommend that Grove incorporate implied acceptance into contracts of employment.</p>

Appendix B

Sumer Auditco NI Limited
4th Floor
Glendinning House
6 Murray Street
Belfast
BT1 6DN

To be printed on Grove letterhead

24 September 2024

Dear Sirs

1. We provide this letter in connection with your audit of the financial statements of Grove Community Housing Association for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Association as at 31 March 2024 and of the results of its operations for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969), Article 19 of the Housing (Northern Ireland) Order 1992, Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993, the Charities Act (Northern Ireland) 2008 and Regulation 9 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015, the Housing SORP and UK GAAP (FRS 102).
2. We confirm, to the best of our knowledge and belief, that the following representations are made on the basis of enquiries of the Members with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the above representations to you.
3. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the Housing SORP.
4. We acknowledge as Members our responsibility for making accurate representations to you and for the financial statements of the Association.
5. All accounting records and relevant information have been made available to you for the purpose of your audit.
6. All the transactions undertaken by the Association have been properly reflected and recorded in the accounting records or other information provided to you. All other records and related information have been made available to you.
7. We confirm that the financial statements are free of material misstatement, including omissions.
8. We confirm that there are no uncorrected misstatements in the financial statements.
9. In the event that we publish the Report of the Board of Management, independent auditors' report and financial statements electronically, we acknowledge our responsibility for ensuring that controls over the maintenance and integrity of the entity's web site are adequate for this purpose.
10. There are no liabilities or contingent liabilities other than those disclosed in the financial statements, and we have disclosed in the financial statements all guarantees that we have given to third parties.
11. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
12. The Association has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the financial statements.

13. We have reviewed the property portfolio for indication of impairment in value at the financial year end and confirm that no impairment provision is necessary.
14. We confirm that there are no profits or losses on the disposal of fixed assets other than those already disclosed within the accounts.
15. There have been no events since the balance sheet date which require disclosure, or which would materially affect the amounts in the financial statements other than those already disclosed or included in the financial statements.
16. The Association has at no time during the year entered into any arrangement, transaction or agreement to provide credit facilities (including loans, quasi loans or credit transactions) for Members nor to guarantee or provide security for such matters, except as disclosed in the financial statements.
17. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and errors.
18. We have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.
19. We are not aware of any fraud or suspected fraud affecting the Association involving management, those charged with governance or employees who have a significant role in internal control or who could have a material effect on the financial statements.
20. We are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, affecting the financial statements.
21. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the Association conducts its business.
22. The Association has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
23. We confirm that we have disclosed to you all related party transactions relevant to the company and that we are not aware of further related party matters that require disclosure other than those already disclosed in the financial statements.
24. We confirm that Grove Community Housing Association has charitable status from HMRC, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charitable company's primary objectives, if these profits and surpluses are applied solely for charitable purposes.
25. We confirm that, having considered our expectations and intentions for the next 12 months, including the cash resources available to the company, the company is a going concern. We are unaware of any events, conditions, or related business risks beyond the period of assessment that may cast significant doubt on the Association's ability to continue as a going concern.
26. We confirm that Grove Community Housing Association Limited has charitable status from HMRC, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charitable company's primary objectives, if these profits and surpluses are applied solely for charitable purposes.
27. We confirm that the Association is meeting the terms and conditions of all loans and is not in breach of any loan covenants.
28. We believe that the methods, data and significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is accordance with the applicable financial reporting framework.
29. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
30. We confirm that the accounts are made solely for the use of the Association's members and should not be used by any third parties without the prior consent of Sumer.

Yours faithfully

Signed of behalf of the Board of Management