

Ref: BC/am

Private and Confidential

The Board of Management
Covenanter Residential Association Limited
Covenanter Flats
8 Eastermeade Park
Ballymoney
BT53 6HP

5 September 2023

Dear Sirs

Re: Audit of Covenanter Residential Association Limited for the year ended 31 March 2023

Report to Those Charged with Governance

Introduction

1. International Standard on Auditing (UK and Ireland) 260 requires us to communicate significant matters arising from our audit to you in writing. The purpose of this report is to set out any significant findings from our audit for your consideration.
2. The financial statements report the financial performance of Covenanter Residential Association Limited for the year ended 31 March 2023. The financial reporting framework that has been applied in the preparation of the financial statements is the Statement of Recommended Practice for Registered Social Housing Providers.

Integrity, objectivity and independence

3. We have not identified any issues with regards to our integrity, objectivity and independence.

Issue for Board of Management consideration

Triangle creditor balance

4. At 31 March 2023 there was a balance of £48,420 owing to Triangle Housing Association. This balance relates to repairs and maintenance carried out by Triangle on behalf of Covenanter and includes amounts dating back to 2018/19. All amounts billed by Triangle have been reflected in the financial statements, however of the balance owing at 31 March 2023, £7,781 is being disputed by Covenanter. Outstanding amounts have not been settled pending resolution of the amounts in dispute. We understand that Covenanter have made attempts to engage with Triangle to resolve this matter however a meeting has not yet been possible due to staff changes in Triangle. The Board should seek a resolution to this matter during the year ended 31 March 2024 to enable any adjustment to the balance owed to be reflected appropriately in the financial statement at the earliest opportunity.

Our responsibility in relation to identifying control issues

5. 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.

6. 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.

7. 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

8. There were no control weakness identified during the course of the audit of the financial statements.

Summary of agreed adjustments

9. There were no adjustments made to the financial statements presented for audit.

Unadjusted errors or differences

10. There was one unadjusted error identified during the course of the audit of the financial statements which we are required to bring to your attention:

- a) asset addition incorrectly expensed to repairs and maintenance (£1,210).

11. The impact of the unadjusted error is not material.

Management representations

12. A copy of the letter of representation that the Board will be providing to ASM is set out in **Appendix A**.

13. If you wish to discuss any aspect of this letter please contact Brian Clerkin or Amanda McMaw at this office.

Yours faithfully

ASM (B) Ltd

ASM (B) Ltd

E-mail: brian.clerkin@asmbelfast.com
amanda.mcmaw@asmbelfast.com

Letter of Representation

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ASM (B) Ltd
4th Floor
Glendinning House
6 Murray Street
Belfast
BT1 6DN

To be printed on CRAL headed paper

[DATE]

Dear Sirs

1. We provide this letter in connection with your audit of the financial statements of Covenanter Residential Association Limited for the year ended 31 March 2023 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 2023 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 misstatements, including omissions.
8. We have considered uncorrected misstatements and we believe the effect of these to be immaterial both individually and in aggregate.
9. No claims in connection with litigation have been or are expected to be received.
10. 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 or conditions in the application of such incoming resources.
11. 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.

Letter of Representation

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12. There are no other 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.

13. The Association has satisfactory title to all assets and there are no liens or encumbrances on the Association's assets, except for those that are disclosed in the financial statements.

14. 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.

15. The Association has at no time during the year 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.

16. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and error.

17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

18. We have no knowledge of fraud or suspected fraud affecting the Association involving management, those charged with governance and employees who have a significant role in internal control or that could have a material effect on the financial statements.

19. We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Association's financial statements communicated by employees, former employees, analysts, regulators or others.

20. 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.

21. 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.

22. We confirm that complete information has been provided to you regarding the identification of related parties and that we are not aware of any significant transactions with related parties not previously disclosed.

23. We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the Association 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.

24. We confirm that Covenanter Residential 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.

25. 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 ASM (B) Ltd.

Yours faithfully,

Signed on behalf of the Board