

PUBLIC MINUTES

of the Homes England Audit & Risk Committee meeting held at 9.30am on Thursday 25 January 2018 at 2 Marsham Street, London

Present:

Stephen Bell Chairman
Simon Dudley
Ric Blakeway

In attendance:

Nick Walkley Chief Executive
Chantal Geall Chief Risk Officer
Maria Craig Head of Internal Audit
Bayo Dosunmu Executive Director of the Homes England Development Programme

Isabella Freeman General Counsel
Jane Castor General Manager, Finance & Performance
Paul Scott Deputy Head of Internal Audit
Jason Essenhigh Head of Operational Risk
Helen Fisher Head of Mortgage Administration
Adam Cooper Head of Help to Buy Accounting
Aileen Murphie Director of Local Government VFM, National Audit Office
David Hakin Audit Manager, National Audit Office - *telephone*
Ed Clift Head of Housing ALB Partnerships, DCLG
Rory Smith Assistant Board Secretary

Items 3-7
Items 3-7

01/01/18 There were apologies sent from Teresa O'Neil

02/01/18 The Committee noted that Julian Ashby had resigned from the Board and as a result the Audit & Risk Committee. Members wished him well for the future and thanked him for his contribution to the Audit & Risk Committee.

Item 1 Minutes of previous meeting – 30 November 2017

03/01/18 The minutes from the 30 November 2017 meeting were **AGREED** as a correct record.

Item 2 Matters Arising

04/01/18 The remaining matters arising were NOTED.

Item 3 Help to Buy Accounting Valuation

05/01/18 The Head of Help to Buy Accounting presented the paper which gave an outline of the performance of Help to Buy redemptions against portfolio valuations during 2017-2018. He drew the Committee's attention to the financial significance of Help to Buy and how volatility in the valuation could

have a significant effect on Homes England's accounts.

10/01/18 The Chair asked that the three to four key drivers behind performance of the Help to Buy product be identified to hone the Committee's discussions on Help to Buy at future meetings and understand the key fundamentals of the product.

JC/JK

11/01/18 The Committee **NOTED** the paper.

Item 4 Risk Management Update

12/01/18 The Chief Risk Officer presented the paper. The Risk team had held an offsite meeting which had been a success. The Chair had attended and had the opportunity to engage with the wider Risk team.

13/01/18 The Land Risk work was making steady progress. There was an ongoing shift within the land business side of Homes England in regards to understanding the need for accurate and complete transaction and risk data. The Chief Risk Officer remarked that the Director of Land had done a good job from a first line perspective since joining Homes England.

14/01/18 The Head of Operational Risk updated the Committee on a recent fraud case. Members noted that a counter fraud action plan had been presented to a Governance, Risk and Resources meeting and the revised proposals were attached as part of the report.

15/01/18 Good progress had been made on the implementation of RACA. Training was ongoing, but Members noted that due to the approaching year end, engagement from the front line was expected to be limited.

17/01/18 The Committee enquired into whether risk could be embedded into the annual objective setting exercise for staff. Staff agreed this would be important and felt that at the minimum all staff should have a generically worded objective on this. The Chief Executive informed Members that the organisation was looking to re-induct all staff in 2018/19 and that risk would play a prominent part. The Chair endorsed this as an approach to ensure all employees were aware what Homes England expects of them in relation to risk.

18/01/18 The Committee **NOTED** the update.

Item 5 Market Abuse Regulation Policy

19/01/18 The Chief Risk Officer presented the policy. Historically Homes England had not been robust on this issue and lacked an effective approval process for the acquisition or sale of traded products such as shares in housebuilders or development companies. This was an important piece of work that would cover the organisation. The current declarations of interest policy did not draw out this type of information and ensure that staff were not permitted to make deals on an insider basis. The Chief Executive reaffirmed the importance of this work, particularly as the organisation now had more power and influence in the housing market.

20/01/18 The Committee agreed they wanted to see this policy expanded to Non Executive Directors **CG**

21/01/18 The Committee questioned whether there was a policy in place in relation to roles taken by staff who leave Homes England. There wasn't a particular policy in place and staff agreed with Members that this needed to be given further consideration. **CG**

22/01/18 The Committee **APPROVED** the policy.

Item 6 Anti Money Laundering Policy

23/01/18 The Chief Risk Officer presented the policy. The previous iteration was substantially out of date and this policy would need to evolve over time as the organisation expanded. A new Head of Financial Crime and MLRO had been recruited and would start in February.

24/01/18 The Committee **APPROVED** the policy.

Item 7 Help to Buy

25/01/18 The Chief Risk Officer presented the paper and confirmed that the ongoing concerns with the Help to Buy programme needed to translate into a work plan.

29/01/18 The Committee **NOTED** the report.

**Item 8 Legal Update
-Whistleblowing Policy**

30/01/18 The General Counsel, Legal presented the paper. Following an extensive benchmarking exercise the team had produced a more user friendly product. The Chair remarked that this type of policy tends to sit with staff engagement type policies, if these are good, then whistleblowing tends to be easy to embed. The General Counsel offered a view that the culture at Homes England was now far more open to challenge and discussion and that there were a number of staff led initiatives, networks and communication strategies encouraging staff to engage and speak out.

31/01/18 The Chair agreed it was best practice that the Chair of the Audit & Risk Committee should be 'The Whistleblowing Champion' as stated in paragraph 3.3 of the policy and confirmed he would take on that position. **SB/IF**

32/01/18 The Committee **APPROVED** the policy.

-GDPR Paper

33/01/18 The General Counsel, Legal presented the paper. Members noted that both the ICO and the government were clear that no organisation was going to initially be 100% compliant and that Homes England was doing as much as **IF**

possible to be compliant by 25 May 2018. Another paper on GDPR would be brought to the April Audit & Risk Committee meeting.

-Litigation Schedule

34/01/18 The General Counsel, Legal presented the schedule and updated the Committee on recent material developments on Litigation being carried out by and against Homes England.

35/01/18 The Committee **NOTED** the paper.

Item 9 VFM Studies (verbal update)

36/01/18 Director of Local Government VFM, National Audit Office gave a verbal update.

37/01/18 The Homelessness Report had been produced by the National Audit Office. Its findings reported that MHCLG's response to homelessness had been inadequate. The Homelessness Committee wanted to see a cross government strategy to cover all aspects of homelessness, not just rough sleeping. They reported to the Committee that there were currently 120k children in temporary accommodation. The Chief Executive commended the NAO's report on homelessness.

Item 10 Internal Audit Update Report

39/01/18 The Head of Internal Audit presented the paper. The team's priority up until March was the delivery of the workplan. Members noted that temporary resource had started in the team in January and would be in post until March. However the team still had long term sickness issues.

40/01/18 Members noted that five Help to Buy actions had been implemented, but the team were awaiting evidence in order for these to be validated. The Head of Internal Audit confirmed that the Internal Audit team would be providing some basic assurance based training to support the Mortgage Administration team in their assurance activity moving forwards.

41/01/18 It was also noted that KPMG controls testing at the Mortgage Administrator would offer an additional source of assurance in relation to Help to Buy.

42/01/18 The Committee **NOTED** the report

Item 11 Internal Audit Annual Self-Assessment

43/01/18 The Head of Internal Audit presented the paper and confirmed that the annual self assessment process was one element of a range of tools employed by the team to assess performance. The process evaluated conformance with the Code of Ethics and Standards utilising the HM Treasury Internal Audit Quality Assessment Framework to assist with the exercise. The assessment exercise confirmed overall conformance across the standards..

44/01/18 The Committee **NOTED** the update.

Item 12 Any Other Business/Black Swan Events

45/01/18 There were no new risks concerning the Committee. The need to focus on risk transformation was reiterated.

Item 13 Matters to be raised at the Homes England Board

46/01/18 The Committee discussed which matters they wished to raise at the next Board meeting.

Chairman's signature:

Date:

WITHDRAWN