

PUBLIC MINUTES

of the Homes England Audit & Risk Committee meeting
held at 12.30pm on Thursday 31 January 2019 at 1 Friargate, Coventry

Present:

Stephen Bell Chairman
Teresa O'Neill
Simon Dudley
Ceri Smith

In attendance:

Ed Lister	Homes England Chair	
Nick Walkley	Chief Executive	
Chantal Geall	Former Chief Risk Officer	
Paul Murphy	Acting Chief Risk Officer	
Maria Craig	Interim General Manager - Internal Audit	
Paul Scott	Deputy Head of Internal Audit	
Bayo Dosunmu	Executive Director of the Homes England Development Programme	
Isabella Freeman	General Counsel	
Jane Castor	General Manager, Finance & Performance	
Justin Oldham	Head of Governance	
Matt Taylor	Senior Finance Manager – Help to Buy	Item 3
Demetrios Georgiou	Head of Credit Risk	Item 4
Adam Cooper	Head of Help to Buy Accounting	Item 4
Mark Holmes	The General Manager – Financial Crime Compliance and MRLO	Item 7
Sajid Rafiq	Director, National Audit Office	
Belinda Hudson	Independent Audit Limited	
Catherine Stalker	Independent Audit Limited	
Joanne Chiverton	Head of Finance: Homes England Corporate Sponsorship and Housing Delivery, MHCLG	

Item 1 Minutes of the meeting of 29 November 2018

01/01/19 The minutes of the last meeting were **AGREED** as a true and accurate record.

Item 2 Matters arising

02/01/19 The Committee **NOTED** the matters arising.

Item 3 Home Equity Investment Valuation Model

03/01/19 The Senior Finance Manager – Help to Buy provided an overview of the paper

which outlined the performance of Help to Buy redemptions against portfolio valuations during 2018-19, the key assumptions which informed the valuation of the remaining portfolio and the proposed work to support the accounting valuation at 2018-19 year-end.

04/01/19 Members agreed that this was a good paper and thanked the team for its production. The Head of Finance: Homes England Corporate Sponsorship and Housing Delivery, MHCLG echoed this sentiment adding that the document had been useful for internal discussions at MHCLG.

05/01/19 The Committee **NOTED** the paper.

Item 4 IFRS9 Update

06/01/19 The Head of Help to Buy Accounting gave a presentation on IFRS 9 implementation and presented a quarterly update to the Committee on the progress made towards the implementation of IFRS 9.

08/01/19 The Committee commended the Finance team's work on the implementation of IFRS9.

09/01/19 The General Manager – Finance & Performance gave an update on the timetables for the laying of the accounts to Parliament. She believed that the impact of IFRS9 would mean that the agency would need an additional two weeks added on to MHCLG's proposed timetable. The Chief Executive Officer believed that it was important that there was proper dialogue between the agency and MHCLG to agree a realistic timetable for the delivery of the accounts.

10/01/19 The Committee **NOTED** the update and emphasised that a resolution of the accounts timetable was required by the time of the February Board meeting.

Item 5 MI Risk Update

Para no. needed The Acting Chief Risk Officer gave a further update on Risk Team activity since the last meeting.

11/01/19 The Committee **NOTED** the update.

Item 6 Risk Management Framework Proposal

12/01/19 The Acting Chief Risk Officer presented the paper which was an articulation of the revised Risk Management Framework for Homes England. This was one of the deliverables identified in the Risk Transformation Plan, as well as being identified at December Audit & Risk Committee as a deliverable which was expected to closely follow on from the approval of the Risk Taxonomy. The team had avoided duplication of content wherever possible and signposted to other pre-existing first and second line content.

13/01/19 The Former Chief Risk Officer highlighted the importance of culturally embedding the framework. She added that the Committee would need to consider how it gained assurance that it was being utilised. The Acting Chief Risk Officer

explained that it would be mandatory reading for all staff. He added that now the Risk team had additional resource, there could be meaningful dialogue between the first and second line to ensure that the document was being understood and used across the agency. The Chair asked that a plan for the roll-out and embedding of the Risk Management framework be presented to the next Audit & Risk Committee meeting.

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14/01/19 The Chief Executive Officer believed that it would be essential for leaders across the organisation to take ownership of the framework and press its importance to staff. He believed that the agency would need to challenge managers in the 3rd and 4th tiers of the organisation on whether their areas were using the Risk Management Framework and materials in their decision making.

15/01/19 The Acting Chief Risk Officer explained to Members that there were ongoing discussions internally about the production of a Management Assurance Statement and who in the agency would take ownership of it. Once this had been agreed, it would be included in the Risk Management Framework.

16/01/19 The Committee **RECOMMENDED** the Risk Management Framework for APPROVAL by the Board. It was noted that following a briefing from the Chair of ARC to the Board, it has been agreed that Board approval would be provided by circulation.

Item 7 Homes England Risk Appetite

17/01/19 The Acting Chief Risk Officer presented the paper which sought endorsement for the revised Risk Appetite Statement for Homes England. This was one of the deliverables identified in the Risk Transformation Plan, as well as being identified at the December Audit & Risk Committee meeting as a deliverable which was expected to closely follow on from the Committee's approval of the Risk Taxonomy. The recommended approach set out in the paper was for the agency wide Risk Appetite Statement to be articulated at the level of Primary risks. The expectation was that the individual business lines may have some differing risk appetites against Secondary Risks.

18/01/19 The Chair believed it had been useful for the agency to agree the Land Risk Appetite prior to this work as it had created a template for how the agency articulated risk appetite for individual business lines. The Chair commended the team on the work that had been completed as the agency's current position was considerably better compared to 12 months ago. He believed that the agency needed to decide whether this risk appetite would allow it to achieve its mission and objectives.

20/01/19 The Chief Executive Officer explained that the appetite couldn't be formally adopted until MHCLG had approved it, but that he would be asking staff to use it as a guide to decision making in the interim.

21/01/19 Members enquired into how often the Risk Appetite would be reviewed. The Chair explained that normal practice was for a risk appetite strategy to be created for the fiscal period and then for it to be reviewed once within that period. The Acting Chief Risk Officer added that if anything in the external environment fundamentally changed then the risk appetite strategy would be considered again. The Chair requested that the forward agenda for ARC be updated to

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include periodic deep dives on the risk areas in the appetite.

22/01/19 The Committee **RECOMMENDED** the Risk Appetite Statement FOR APPROVAL by the Board. It was noted that following a briefing from the Chair of ARC to the Board, it has been agreed that Board approval would be provided by circulation.

Item 8 Counter Fraud Update

23/01/19 The General Manager – Financial Crime Compliance presented the paper which gave Members a progress report in relation to the 2018/19 agreed Counter-fraud Action Plan, a summary of findings from the current fraud and bribery risk assessments, and a revised Action Plan for 2019/20.

24/01/19 Members asked what approach the team were taking to keep up to date with the latest fraud cases and trends. The General Manager – Financial Crime Compliance explained that they had introduced a horizon scanning exercise within the agency and outside of the agency. The team also benchmarked the agency against comparator public organisations. The Former Chief Risk Officer explained that there needed to be a further push to embed risk reporting internally. She added that the amount of near miss reporting had fallen away and as a result the team were planning a relaunch.

25/01/19 Members questioned how regularly updates should come to the Committee. The General Manager – Financial Crime Compliance recommended that it came to the Committee bi-annually. The Chief Executive Officer agreed with this and asked that the Committee use these updates to hold the Executive to account.

26/01/19 The Committee **NOTED** the update.

Item 9 Internal Audit Update Report

27/01/19 The Interim General Manager – Internal Audit presented the report which gave an update on the Internal Audit team's activity since the last meeting and changes made to the work plan.

29/01/19 The Interim General Manager – Internal Audit informed Members that their team was now at full complement with 10 staff. This was allowing the team to build up a pipeline of reviews.

30/01/19 The Committee **NOTED** the update.

Item 10 VFM update

30/01/19 The Director, NAO gave a VFM update. The NAO had started planning for the new homes report. The Chief Executive was thankful for early sighting on this. The Help to Buy study was progressing well and was on target to be published in May.

31/01/19 The Committee **NOTED** the update.

Item 11 AOB & Matters to refer to the Board

32/01/19 The Chair thanked Chantal Geall for her service as Chief Risk Officer at Homes England. The Committee offered their best wishes for the future.

33/01/19 There were no matters to refer to the Board as the meeting as the Board meeting had occurred prior to the meeting.

Date of next meeting: 25 April 2019

Chairman's signature:

Date:

WITHDRAWN