



**PUBLIC MINUTES**

**of the Audit and Risk Assurance Committee (ARAC) meeting  
on Monday 25 January 2021 at 1100**

**MS Teams Meeting (no members were together, and the meeting was deemed to have been held in Beckenham, Kent, the location of the Chair).**

**4 Remote and virtual participation**

4.1 *Any member may validly participate in a meeting through the medium of conference telephone, video conferencing or similar form of communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting, or relevant part thereof. A member so participating shall be deemed to be present in person at the meeting, and shall accordingly be counted in a quorum and entitled to vote.*

4.2 *A meeting shall be deemed to take place where the largest group of those members participating is assembled or, if there is no group which is larger than any other group, where the Chair of the meeting is.*

**Members**

Liz Butler (LB)	Chair
Richard Hughes (RH)	
Ceri Richards (CR)	

**Invited officers**

Fiona MacGregor (FM)	Chief Executive
Richard Peden (RBP)	Director, Finance and Corporate Services
Emma Tarran (ERT)	Senior Assistant Director: Head of Legal and Company Secretary
Sarah Dickinson (SD)	NAO
Paul Scott (PS)	Head of Internal Audit, Homes England
Katie Turner (KT)	Senior Internal Audit Manager, Homes England

**In attendance**

John O'Mahony (JOM)	AD Corporate Services and Performance – for items 5 & 6
Liz Knott (LK)	Performance Manager, Finance and Corporate Services (observing)
James Dunbar (JD)	Head of Finance

**Minutes**

Christine Kitchen (CK)	Committee Secretary
------------------------	---------------------

**1 Welcome and apologies**

01/01/21 The Chair welcomed everyone to the meeting.

**2 Declarations of Interest**

02/01/21 There were no new declarations of interest.

### **3 Minutes of the last meetings**

- 03/01/21 **19 October 2020** – there were no comments on either the confidential or public minutes. Both sets of minutes were APPROVED.
- 04/01/21 **26 October 2020** - there were no comments on either the confidential or public minutes. Both sets of minutes were APPROVED.

### **4 Matters Arising**

- 05/01/21 Members NOTED the updates to the matters arising. CEO confirmed that management will be discussing the timing of a workshop to pick up on "blue sky thinking" on the strategic risk register following the publication of the White Paper. This is likely to be in March or April. It was AGREED that this would be added to the Board forward planner. Action 17/10/20 will be closed following the February Board workshop and 32/10/20 was closed.

**CK**

### **5 Strategic Risk Register (SRR)**

- 06/01/21 RBP introduced the paper and highlighted for members the risks set out in the cover paper that had ratings changed since the last time the SRR had been presented to ARAC. Members NOTED the rationale for the changes and JOM clarified for members which risks were above appetite.
- 07/01/21 Management provided an explanation for the narrative against R9 relating to resources and the impact of internal promotions. Members were advised that all vacancies are advertised both internally and externally and a high proportion of the current vacancies are in Reg Ops. Recently, it has been difficult to recruit to finance vacancies which are a result of internal promotions and HR are looking at reviewing where these roles are advertised. REG regularly review vacancies and it is now agreed that if applicants are interviewed who are not appointed for the post they apply for, but are viewed as appointable to other roles, their details will be held so that they can be contacted about alternative posts. In addition, where there are more appointable candidates than number of posts being interviewed for, teams can consider overbearing for posts (particularly for posts we recruit to frequently) so good candidates are not lost.
- 08/01/21 The narrative for R12 relating to Brexit and recent ECJ rulings on US privacy shields was queried and ERT advised that this was a very recent addition to the register. She gave members assurance that most of our data is held in the UK and the DPIAC team are addressing any contractors used by us where data is held outside the UK. A workshop is scheduled for the February Board at which the Head of DPIAC will provide a better understanding of this risk and help quantify the risk to the RSH.
- 09/01/21 The Chair thanked management for the additional information provided to support the information in the paper and were supportive of the changes to the ratings set out. There was a request to the performance team to consider the layout of the SRR to make it more user-friendly to view online. JOM and LK AGREED to consider a revised layout of the register.

### **6 In-depth assurance on Performance reporting**

- 10/01/21 JOM introduced the paper which was an in-depth view of performance reporting in the RSH. He took the members through the processes:

- Each year business plan targets are based on the strategic objectives set out in the Corporate Plan. Targets tend to roll over from year to year and these are discussed and agreed with the ADs and reviewed and signed off by the REG.
- Business plan targets are reviewed monthly with the target owners and reported to REG, and exception reports are given to Board via the CEO update and an example of the report is at annexes 1 and 2
- Annex 3 and 4 are the quarterly reports which ARAC were familiar with and a scaled back version was what was submitted to Board to give them assurance and an opportunity to test the information provided.

All the information from the monthly and quarterly reports are fed into the Annual Report and Accounts.

11/01/21 The system used gives the process flexibility and this was tested with Covid-19, when targets were worked through with the owners and REG and decisions were made to halt, scale back or continue. The team are reviewing the process to try and streamline it further and Performance Reporting is currently subject to an Internal Audit which is expected to be reported to the April ARAC meeting.

12/01/21 Members agreed the process seemed very robust and were given assurance that remote working has not had any negative impact. In response to a query about how other “softer” issues like staff welfare etc were picked up, members were advised of the continued contact with staff by line managers, verbal weekly feedback to REG by HR, wellbeing surveys, links into wider Government briefings. It was acknowledged that as the RSH gets bigger there will be a need to review how these areas will be monitored. JOM responded to a query regarding the cross over between EDI and impact of Covid. We collect data across different staff levels and groups, but the data is anonymous in order that staff feel comfortable responding to surveys. The establishment of the Women’s Network, BAME Network and the Positive Working Group all give additional routes for staff to feed in concerns and seek help and support. There have been no major issues coming out from any of these groups and no special requests from staff who have been satisfied with the steps taken regarding special leave and flexible working. The most recent wellbeing survey will give more information on how staff are feeling in lockdown 3, and to date there does not seem to be any reports of gender imbalance in respect of the flexible working arrangements.

## **7 Internal Audit report**

13/01/11 LB welcomed KT to the meeting and KT introduced herself as the IA manager leading on RSH audit plans. PS introduced the paper which covered:

- IA plan
- IA final audit report on Covid-19 Response and Decision Making
- IA Charter

14/01/11 *IA Plan:* Members NOTED the five IA reviews planned for the current year and PS confirmed that one of these was completed and was part of this paper, a further two had the scopes agreed and work was commencing and the remaining were on track to be completed and reported on to the April ARAC meeting. He confirmed that the audit team had also experienced some pressures on resources like everywhere else but was confident the scheduled audits would be completed as planned.

15/01/11 *Covid-19 Response and Decision-Making final audit report:* PS commented that as expected the very good level of risk management in the RSH had once

again been seen throughout this audit. The quality of the documentation and discussion was as expected to a high standard and the way in which the organisation had handled the issues with Covid-19 and transition to home working for all staff gave the team a great deal of assurance and hence the SUBSTANTIAL rating.

16/01/21 *IA Charter:* PS explained that the process was to review the IA Charter every two years. The Charter remained the same as the previous version seen by ARAC, with the exception of a job title change for Maria Craig, who was now Director of Internal Audit at Homes England. There was a query in respect of the role of Homes England in the work of the Internal Audit team and it was confirmed that the RSH had asked the HE IA team to act as Internal Auditors for RSH as a separate entity to Homes England. FM is the Accounting Officer for the RSH and although the IA service provision is part of the SLA with HE, the duties they undertake for the RSH is completely independent of HE. Committee were content with the Charter and both the Chair and CEO confirmed their agreement for the Charter to be adopted and arrangements will be made for it to be signed. Members recorded their congratulations to Maria on her new role.

## **8 NAO Audit Planning Report**

17/01/21 JD joined the meeting and SD introduced the report which was taken as read. She thanked the RSH for accommodating the NAO in their work on this planning report which was carried out before Christmas.

18/01/21 SD drew the attention of the Committee to the Actions for the Audit Committee and confirmed that the audit risks were in line with those in the previous year which were:

- Presumed risk of management override of controls, and
- Defined Benefit Pension schemes, which this year would be focussed on the triannual review of the HCAPS scheme.

19/01/21 The Chair noted her observation, which she had made in previous discussions, that accounting for the pension schemes was not, in RSH's view, the greatest risk for the RSH, nor did the organisation have any influence over the schemes or the conclusions of their respective actuaries. She noted that RSH was not in a position to action any disagreement the NAO might have with the actuarial valuations of either scheme. However, she accepted that the NAO considered that this was an area of risk for the RSH.

20/01/21 Members NOTED the areas of the NAO audit focus.

21/01/21 SD gave members an overview of the overall audit materiality based on their quantitative materiality threshold of approximately 2% of the gross defined benefit pension liability, which equates to £884,000. The additional materiality for non-pension audit areas have been determined as £286,000, being approximately 2% of gross non pensions expenditure.

22/01/21 Members NOTED the timetable for the audit - interim in March/April and final in September/October which will be post recess. The Chair requested that should there be any change to the proposed timetable for the laying of the accounts, that the NAO would make management aware of this in a timely manner. CEO confirmed that MHCLG were aware of the timetable and there were no major issues arising for the late laying of the accounts.

23/01/21 The members of the NAO audit team were confirmed and the increase in the NAO fee for this year was confirmed as £65,000. The fee has increased from 2019-20, and reflected increased costs of expert support around pensions and increases in the NAO charge out rates in line with internal cost increases.

24/01/21 The Chair thanked SD for the report.

## **9 Forward Planner**

25/01/21 Members NOTED the confirmed dates of the meetings for the year and RBP confirmed that as the ARA will be signed off in October there will be no need for an additional meeting as the first review of the ARA will be brought to the scheduled June ARAC meeting. CR flagged that she will have finished her term as a member of the ARAC and would therefore not be present at the sign-off meeting. CEO acknowledged that she would be discussing committee membership with the Chair of the Board and ARAC.

## **10 Any Other Business**

26/01/21 Audit Committee Bulletin: Members had found the bulletin of interest and discussed some areas of the report and the results. It flagged the possibility of ARAC getting a paper or having a discussion on anti-fraud and corruption policies in the RSH and RBP took an action to identify a suitable meeting for this discussion.

**RBP**

27/01/21 There were no other matters of business and the Chair thanked members, officers and the auditors for their reports and contributions to the meeting.

***Date of next meeting: 26 April 2021***