



PUBLIC MINUTES

**of the Audit and Risk Assurance Committee (ARAC) meeting
on Monday 26 April 2021 at 1110**

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
Maria Craig (MC)	Director of Internal Audit, Homes England
Paul Scott (PS)	Head of Internal Audit, Homes England
Abi Kudus (AK)	MHCLG

In attendance

John O'Mahony (JOM)	AD Corporate Services and Performance – for items 5 & 6
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Minutes

Christine Kitchen (CK)	Committee Secretary
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1 Welcome and apologies

01/04/21 The Chair welcomed everyone to the meeting. Catherine Bowden (MHCLG) had sent her apologies.

2 Declarations of Interest

02/04/21 There were no new declarations of interest.

3 Minutes of the last meeting

03/04/21 The minutes from the previous meeting on 25 January 2021 were reviewed and APPROVED.

4 Matters Arising

- 05/04/21 Members NOTED the updates to the matters arising.
- 26/01/21: Anti-fraud and corruption policies – in-depth review topic for June. [**Post meeting note:** as the purpose of the June meeting is primarily to review the draft annual report and accounts, this in-depth review will be deferred]
 - A report on exceptions to procurement will be circulated to members. Going forward exceptions will be part of routine reporting to ARAC.

RBP

5 Strategic Risk Register (SRR)

06/04/21 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 to risk 2: *“we are not able to take appropriate remedial action or effectively resolve consumer standards failures that are within our remit”*. The controlled risk score was at 5/2 on impact and likelihood against an appetite of 4/2. The impact was increased from 4 to 5 a year ago as at the start of lockdown landlords were not able to carry out repairs and maintenance which increased the risk of consumer standard breaches. Through the CORS survey we have assurance that providers have generally been able to sustain essential repairs and particularly to focus on statutory safety checks and the impact had been lower than first anticipated. Once the outcome of the most recent CORS survey is known, the need to continue with the survey will be considered. RRG had recommended that the impact score revert to a 4 in line with the historical pre-lockdown assessment and REG had agreed the change. This change brings the mitigated score into line with the risk appetite. Members accepted the explanation and AGREED the change.

Three risks now remain above appetite:

07/04/21 *Stakeholder expectations of our regulation exceed what is deliverable under our existing remit such that the overall legitimacy of the regulator is undermined:* the movement of this risk is dependent on timing of the Social Housing White Paper legislation There is a heightened need for the Regulator to promote understanding of our regulatory role including the impact of the White Paper as well as the different roles of the Regulator and the Ombudsman. It was recognised that, tenants, the sector and a range of other stakeholders will have different views and levels of understanding our role and the impact of the legislative timetable when known. It was acknowledged that this will require further review as there will be different risks for each of these areas. We will have a clearer view after the Queen’s speech. Members NOTED this update.

08/04/21 *We fail to sufficiently resource our workforce, and our people do not have the appropriate and necessary skills and knowledge to deliver our strategic objectives:* following recent appointments the pressure on resources in both operations and I&E have now been eased to some extent. In I&E, opportunities for staff to move internally to provide additional resource have

been progressed. A range of Ops posts which had previously become vacant due to internal candidate success in open recruitment had now been filled in further recruitment. Further future recruitment for post-SHWP Consumer Regulation related roles is planned although it was noted that the timing of legislation would impact the recruitment timeline. Current work on the new Consumer Regulation regime is resourced from a mix of newly recruited and existing staff. Members NOTED that the score for this risk had not changed.

09/04/21 *We are not able to keep pace with changes to the structure, diversification and operating environment of the sector and public expectations within our remit:* Two controls remain at moderate effectiveness and as the operating environment increases in complexity with the diversification of the sector, the current score will be maintained. Members NOTED this recommendation.

10/04/21 There was further discussion on *Risk 9*: RBP explained the background to the narrative in respect of the HR policies which are being reviewed. All policies are reviewed by the Policy Working Group and HR. Where any of these policies are less contentious, they are agreed, following consultation on them with the Unions. Policies for bigger more contentious topics go to the Executive Group for sign-off. Members were interested in knowing more and it was AGREED that the policy schedule will be shared with ARAC in the Autumn and provide members with information on the approach taken for each.

RBP/LSi

11/04/21 The team were complimented on the new format of the SSR report. IA added that the SRR provided a very clear view of the risks to the organisation and complimented the Regulator on the clarity of the register and the way the risks were being effectively managed. The column of the report which shows the timescale for risks to return to appetite will be reinstated for future reports.

6 In-depth assurance – Approach to Programmes and Projects

12/04/21 JOM introduced the paper which was intended to provide in-depth assurance of the approach to Programme and Project management in the RSH. The *Programme and Project Management Framework (PPMF)* is bespoke to the RSH but draws on recognised methodologies and was designed on three principles:

- To be scalable so it can be used on work of different sizes and complexity and applied appropriately
- To be robust so it can be applied consistently by different people
- To minimise bureaucracy and be proportionate with the emphasis on delivering outcomes

13/04/21 The PPMF is made up of three parts:

- *Lifecycle*, which details the stages from start to finish and what is done in each. Annex 1 contained a definition of the terms and Annex 2 the details of the lifecycle.
- *Controls*, which are the process of monitoring and controlling the work (i.e. governance). Members NOTED the role and membership of the *Project Review Group (PRG)*. Following a PRG a Project Initiation Document (or project brief on the smaller projects) is submitted to the Project Board (as delegated by REG) or REG (on larger projects or programmes) for approval. This will ensure corporate oversight of project aims, outcomes, timings, and resource commitment. Members were given assurance that there was a very low risk of projects being carried out outside of the PPMF as most will have a member of SLT as its sponsor.
- *Templates and tools*, used to manage the work were NOTED.

14/04/21 Members asked how we decide which pieces of work are classified as a project and JOM explained that the PRG will provide advice on whether it is BAU or dealt with as a project eg. the work on the SLA will be managed as a project whilst the ARA was not considered appropriate for this approach as it would have added unnecessary bureaucracy. When asked how the Consumer Regulation programme will be handled, it was confirmed that consumer regulation is being managed under the programme and project management framework. JOM further advised that the PPMF and approach to projects/programmes are becoming embedded with staff and introduced as part of new starter induction. There was agreement that this was good discipline for a general approach, and it was unlikely that anything would be missed as there will always be SLT sign-off. Members were very satisfied that there was a robust and well-disciplined approach to project management and that the team were working well.

7 Internal Audit report

15/04/21 The Chair welcomed MC and PS to the meeting and PS introduced the paper which covered

- **NOTE** progress with the Internal Audit work plan for 20-21;
- **REVIEW** the proposed changes to the Internal Audit Plan for 20-21; and
- **DISCUSS** the final report in relation to Business Planning

16/04/21 *IA Plan:* Members were reminded of the five IA reviews which were planned for the current year and PS confirmed that two of these were completed and the final report for Business Planning was part of this paper. The other two audits are underway and reports on those will be presented to the ARAC meeting in June.

17/04/21 *Proposed change to IA Plan for 2020-21:* PS advised the Committee that following discussions with the Accounting Officer it was agreed to replace the review on Lease Based Providers with a review on Governance. The Chair queried the change and the role of the Committee in reaching that decision, and RBP advised that management had on reflection considered that an audit on LBP was not appropriate at this time as this is an area that is developing considerably and was therefore a moving target. It was not however being ruled out and will be considered again.

18/04/21 The Chair felt that an audit on Governance did not seem like a risk-based decision and other members supported this view. The Chair stated that our SRR should be used to pick higher risk areas and we should be looking for insightful reviews with an external prospective. We carry out annual reviews of Board and Committee effectiveness and it was unclear what an IA review would reveal that would be beneficial or be the best use of IA resources. The CEO acknowledged that Governance was not a high risk but there was a standing expectation that we did do a robust review. The Company Secretary added that the current self-assessments are being reviewed against the sector and comparable organisations and whilst the self-assessments are in a good place, a wider discussion on Governance is planned at a future Board following the return of the Board and Committee self-assessments. The committee agreed to be guided by the CEO's advice that such a review was expected of us.

19/04/21 *Business Planning final audit report:* PS advised the Committee that this IA had been given a SUBSTANTIAL rating and found that the business planning process for 2020/21 was suitably robust and transparent with a clear link to the strategic objectives. IA found there was considerable oversight over the delivery of the business plan through monthly and quarterly reporting provided to the Executive Group and Board respectively. Management have responded to the recommendations and have put in measures to address these by the end of April 2021. IA will follow-up on these actions. PS clarified, when asked, that there was no expectation for ARAC to validate the actions of management and management confirmed that the Board will be sighted on the comments from target owners and agreed to review the narrative and layout of their report to clearly set out how the outcomes of an audit related to the Terms of Reference for the audit.

20/04/21 *Outstanding internal audit action:* Members NOTED the low priority outstanding internal audit action from the 2020-21 review of Covid-19 Response and Decision Making which was to consider whether formal Terms of Reference are required when new groups are established. Management have confirmed that the revised completion date for this action is the 30 June 2021.

8 NAO Interim Progress Report

21/04/21 SD presented the report and explained the reason for the report not meeting the papers deadline for which she apologised.

22/04/21 SD drew the attention of the Committee to the areas of substantive testing over the past eleven months to February 2021.

23/04/21 SD reported that, with credit to the work of the RSH finance team and the timely provision of information to the NAO, no errors have been identified to date. SD confirmed when asked that direct testing of the pension assets will be completed for the HCAP scheme. For the LGP Scheme NAO assurances over the asset balances are supported by information received from the scheme auditors.

24/04/21 In respect of the laying of the RSH accounts, SD advised that it was dependent on the timeliness of the audit of the pension schemes, in particular those of LAs and the NAO's commitment to quality audits which in light of their workload could impact on timing, and she could not give any assurance that RSH accounts would be laid pre-recess in future years. SD noted that it is not uncommon for accounts of smaller entities to be laid post recess.

25/04/21 The Chair thanked SD for the report and the Finance team for their diligent and timely work. She commended the recent NAO publication on Managing Big Projects which she had shared with colleagues and SD mentioned there were other very useful publications, the link to one of these – Good Practice Guide was in the report.

9 Forward Planner

26/04/21 Members NOTED the planner and the anti-fraud and corruption in-depth review now scheduled for June and FM & RBP will consider the timing to present the policies schedule.

FM/RBP

10 Any Other Business

27/04/21 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: 28 June 2021