



**PUBLIC MINUTES**

**of the Audit and Risk Assurance Committee (ARAC) meeting  
on Monday 28 June 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 Tarrant (ERT)	Senior Assistant Director: Head of Legal and Company Secretary
Sarah Dickinson (SD)	NAO
Maria Craig (MC)	Director of Internal Audit, Homes England
Rachael Oyedeji (RO)	MHCLG (for items 1 – part way through item 5)

**In attendance**

James Dunbar (JD)	Head of Finance – for item 5
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**Minutes**

Christine Kitchen (CK)	Committee Secretary
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**1 Welcome and apologies**

01/06/21 The Chair welcomed everyone to the meeting.

**2 Declarations of Interest**

02/06/21 There were new declarations of interest from Liz Butler which will be noted on the DoI register and Ceri Richards confirmed her latest appointment which was already recorded at the May Board meeting.

### **3 Minutes of the last meeting**

03/06/21 The minutes from the previous meeting on 26 April 2021 were reviewed and subject to a slight amendment to the wording of 23/04/21 from the NAO, both confidential and public minutes were APPROVED.

### **4 Matters Arising**

05/06/21 Members NOTED the updates to the matters arising. Members discussed the procurement exceptions report which had been appended to the matters arising. The committee accepted this pragmatic approach.

**RBP**

### **5 RSH Draft Annual Report and Accounts 2020-21**

06/06/21 JD joined the meeting and RBP introduced the paper and advised that the annual report will be subject to change as the laying of the accounts is not expected until November and therefore there will be a few more iterations before the October sign-off meeting, in particular additional information on implementation of the White Paper and introduction of Consumer Regulation measures. The accounts have been prepared taking into account the Government Financial Reporting Manual 2020-21 (the FReM), Managing Public Money, disclosure checklists supplied by the NAO, the accounting policies approved by the Board and applicable accounting standards. Members were advised that we are using the same format and structure as last year updating to take account of latest guidance, including the addition of more trend data. Attention was drawn to the details of individual sections including:

- Statement of Comprehensive Net Expenditure
- Statement of Financial Position
- Pension balances
- Accounting Policies

ARAC was invited to DISCUSS the draft accounts and comments on the accounts and the annual report section will be reported to the Board the following day. RBP clarified a point on income recognition in the cover paper

07/06/21 The following comments were made on the ARA which RBP and JD will action:

- Reference more the work we have done and continue to do on the implementation of the White Paper and consider the positioning of the narrative in the document (pages 12 and 18)
- Include in narrative how the RSH managed our business successfully throughout the pandemic
- Consider the wording about our response on giving written feedback on IDAs
- Amend the narrative on the IA opinion (page 47)
- The Chair questioned the value of the trend boxes in the tables as they only reflected two years, however as it was an expectation from the NAO, it was agreed that these will be left in
- Brackets on actuarial gain/loss in taxpayers equity will be corrected (page 67)
- Update 2020 total in 'Fair value of employer assets' (note 13c)
- Correct 'contributions by members' in Reconciliation of defined benefit obligations (note 13 g)
- IFRS16 leases – this will be kept under review as the ARA is finalised and the NAO will also check on this point during their review (page 71)
- Check the figures in the table on employer assets (page 86)

**RBP/JD**

08/06/21 Members thanked and congratulated the team on all the work they have done to get the accounts to this point so early.

## **6 Internal Audit Update report**

09/06/21 MC introduced the paper which set out the progress on the 2020-21 audit plan and follow up of recommendations and the outcomes of the audit of Procurement and Contracting.

10/06/21 Members NOTED that all the business plan actions have been completed on time and the one outstanding action in respect of the ToR for the Covid-19 group is due to be completed by the end of June. FM advised that following an internal discussion in respect of this action, it had been agreed that this will be picked up as part of the overall review of governance, as the action related to temporary groups and therefore did not impact more generally the business. MC and Members were content with this and RBP undertook to advise IA of the new date for the action to be completed.

**RBP**

11/06/21 Members NOTED the outcome of the Procurement and Contracting audit. MC advised that some of the recommendations eg. procurement exception reporting has already been addressed. There were 2 moderate and 4 low recommendations which management have accepted, and completion dates agreed.

12/06/21 MC advised the Committee that the IA function has been provided to the RSH under the terms of the SLA and expires in September 2022. A decision has been taken by Homes England not to continue beyond that date and have served notice to the RSH to end in May 2022. An exit plan has been drafted to ensure a smooth transition and MC made a commitment that the team would provide a year-end assurance report (which may extend beyond May 2022) and would remain committed to provide high quality audits for 2021-22.

**RBP**

## **7 Internal Audit Plan 2021-22**

13/06/21 Members NOTED the report and the six areas for audit in 2021-22 which continue to be based on the Strategic Risk Register and had been agreed with the Accounting Officer. It was understood that if risks change, audit reviews will be adjusted as required.

14/06/21 The chair flagged that the NAO also review payroll and suggested that IA consider those findings as part of their own review which might cut down on the pressures on staff to provide information twice. MC was also asked to give some insight into what aspects of Information Security would be covered in that audit and stated that the best practice guidance would be followed as well as following up on the disaster recovery recommendations from a previous audit. The Chair noted that resilience of IT systems and disaster recovery had been well tested during lockdown.

15/06/11 Members were pleased to see Complaints and Investigations on the list of audits. The CEO advised that management wish to keep this audit focussed on our current remit of dealing with complaints at organisational levels so as not to blur the lines with the remit of the Ombudsman responding to individual complaints. said it was noted that we consider complaints received from individuals to establish whether they are covered by our consumer standards

and then to consider whether there is evidence of systemic (organisational) issues which may indicate a breach.

## **8 NAO Interim Progress Report**

16/06/21 SD gave a verbal update as no additional audit work had been performed since the previous report to ARAC. SD advised that the audit programme was on track to begin in September as planned. Subject to there being no major issues or delays with the assurance from Grant Thornton on the LGPS assets, which is expected no earlier than 30 September, they expect to be able to meet the report to the ARA clearance meeting on 18 October. There was a discussion on what the implication would be if there was a delay to the NAO getting the information from Grant Thornton and the knock-on effect on the timing of their report. It was AGREED that consideration would be given to possibly have another date in November on hold for the clearance meeting, should there be a delay. The CEO, DF&CS and Board Secretary will review this as a change of date would impact on the Board meeting to sign off the ARA, which is scheduled to follow the ARAC clearance meeting.

**FM/RBP/  
CK**

## **9 Forward Planner**

17/06/21 Members NOTED the planner and the possibility of a change to the October meeting.

## **10 Any Other Business**

18/06/21 There were no other matters of business and the Chair thanked members, officers and the auditors for their reports and contributions to the meeting.

19/06/21 As this was the last ARAC meeting that Ceri Richards would be attending before the end her term as a Board Member and member of ARAC, the Chair took the opportunity to thank Ceri for her valuable contributions to the work of the Committee, wishing her well in her future endeavours.

***Date of next meeting: 18 October 2021***