



**PUBLIC MINUTES**

**of the Audit and Risk Assurance Committee (ARAC) meeting  
on Monday 08 November 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)	
Kalpesh Brahmhatt (KB)	

**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
Emily Nardini (EN)	NAO
John Anderson (JA)	NAO
Rachel Oyedeji (RO)	Finance Business Partner, DLUHC

**In attendance**

James Dunbar (JD)	Head of Finance
Nigel Bagshaw (NB)	Management Accountant
Christine Kitchen (CK)	Committee Secretary

**1 Welcome and apologies**

01/11/21 The Chair welcomed everyone to the meeting.

**2 Declarations of Interest**

02/11/21 There were no new declarations of interest.

**3 NAO Audit Completion Report**

03/11/21 SD introduced the NAO completion report and confirmed that they anticipate recommending to the Comptroller and Auditor General (C&AG) that he should certify the 2020-21 financial statements with an unqualified audit opinion,

without modification in respect of both regularity and the true and fair view on the financial statements. She thanked RBP, JD and the finance team for providing timely and helpful evidence which had helped the process of getting the audit completed. The action for ARAC was to review the findings set out in the report, including the audit certificate and draft letter of representation

- 04/11/21 *Presumed risk of management override of controls:* the NAO confirmed that they had not identified any journal entries which indicated potential management override of controls, taking into account their understanding of the business and ways of working. Where they identified significant or unusual transactions in the year, they were content that these were regular and not indicative of either fraudulent reporting or misappropriation of assets. They did not identify indications of bias or fraudulent financial reporting in accounting estimates or accounting policies. Therefore, they were content that no material misstatement due to override of controls has occurred from their testing of journals and accounting estimates
- 05/11/21 *Defined Benefit pension schemes:* the NAO advised that given that pension balances are many times materiality they employed independent experts to assist with the audit of scheme assets and liabilities. They were content that the assumptions and judgements underpinning the valuation of pension scheme assets and liabilities were in line with industry norms. Information to support the HCAPS triennial review was appropriately communicated to scheme actuaries, and they found no evidence of bias in the range of assumptions and estimates underpinning the valuation. Members NOTED the net impact of adjustments on the statement of comprehensive net expenditure and statement of financial position was £2,000. As a point of interest, the NAO highlighted that on individual assumptions, the triennial changes were as expected. The overall impact of a move to more optimistic assumptions was an increase in valuation of £0.8m. When asked if the move was a deliberate one, the NAO said that it was the actuaries view to update assumptions around salary and demographics as they prefer calculations to be at a mid-point and the previous assumptions were not.
- 06/11/21 RBP advised members that on receipt of reports from both actuaries, the Executive Group reflect on the information and challenge where necessary. He requested that the NAO share their challenge information, if possible, so we can use it to inform discussion with our actuaries. EN stated that the overall expectation was for scheme assumptions to adopt a neutral position.
- 07/11/21 EN confirmed that the McCloud ruling was now completed and the remedy finalised so there were no grounds for adjustments. The other areas of audit findings were NOTED and the two recommendations having been actioned, were closed. The NAO confirmed that Covid-19 had not had a major impact on their audits which were all mainly done remotely, but they would, where necessary, return to in person audits. RBP confirmed that neither IFRS 16 or IFRS17 would impact significantly on the RSH.
- 08/11/21 EN confirmed that there were no formal management letter points this year and fixes had been applied to points raised last year. They presented the Audit Certificate and representation letter to the Committee who NOTED that upon acceptance of the ARA by the Board on the recommendation of ARAC, FM will sign the letter as AO for RSH and submit that along with the accounts.
- 09/11/21 The Chair thanked the NAO team for a good and clear report and the finance teams for their diligence in providing information to the NAO for the audit.

EN

#### **4 RSH Annual Report and Accounts 2020-21**

- 10/11/21 RBP presented the ARA which members had last seen at the meeting in June 2021, RBP noted that the accounts preparation timetable is such that it would support a pre summer recess laying of the accounts should NAO timetabling move to allow that. He reported that there had been some very minor changes mainly to the Governance Statement and these were just format changes. Overall changes in the accounts totalled £11,000 and reflected a review of year end accruals.
- 11/11/21 RBP was asked to explain the increase in pension for a member of staff and he explained that this related to a change in role for the now Director of Operations and her inclusion in the final salary pension scheme.
- 12/11/21 There was a query in regard to the performance analysis section of the annual report which sought clarity on how the percentage recorded represent the difference between cases that have been resolved and closed and those that have been open for a longer time. RBP advised that we do not set targets for the volume of on-going case work including IDAs and gradings so we do not current discuss the activity in depth in the performance analysis. It was acknowledged that this could be addressed in narrative and RBP committed to taking this into consideration for the next report and perhaps use the table from the fees statement which shows the split between regulatory and service standards.
- 13/11/21 Having addressed the questions, Members thanked RBP and the finance team for a very good Annual Report and Accounts and ARAC members AGREED to recommend the ARA to the Board for approval.

#### **5 Draft Annual ARAC report to the Board**

- 14/11/21 The Chair sought comments from the members on this report to the Board. There were no comments and the report to the Board was AGREED.
- 15/11/21 On that basis, it was AGREED that the report to the Board and the IA final report will be presented to the Board.
- 16/11/21 In conclusion the Chair once again recorded the Committee's thanks to the auditors, the finance team and management for their hard work to get the ARA to this point for adoption and sign-off by the Accounting Officer.

***Date of next meeting: 24 January 2022***