



PUBLIC MINUTES

**of the Audit and Risk Assurance Committee (ARAC) meeting
on Monday 25 April 2022 at 1100**

Hybrid meeting - MS Teams and room FG47, 2 Marsham Street, London

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

Jonathan Walters (JW)	Deputy Chief Executive
Richard Peden (RBP)	Director, Finance and Corporate Services
Emma Tarran (ERT)	Senior Assistant Director: Head of Legal and Company Secretary
Louise Allsopp (LA)	NAO
Emily Nardini (EN)	NAO
Paul Scott	Head of Internal Audit, Homes England (HE)
Katie Turner (KT)	Internal Audit Manager, Homes England (HE)
Lisa Harvey (LH)	Head of Internal Audit, Government Internal Audit Agency (GIAA)
Nigel Dawbney-Fisher (ND-F)	Head of Internal Audit (for DLUHC), Government Internal Audit Agency (GIAA)
Rachael Oyedeji (RO)	Finance Business Partner, DLUHC

Observing

Bernadette Conroy (BC)	Chair of the Board
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In attendance

John O'Mahony (JOM)	AD Corporate Services & Performance
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Minutes

Christine Kitchen (CK)	Committee Secretary
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1 Welcome and apologies

01/04/22 The Chair welcomed everyone to the meeting. There were no apologies. Everyone present introduced themselves and the Chair welcomed the members of GIAA, were introductions of all present.

2 Declarations of Interest

02/04/22 There were no new declarations of interest.

3 Minutes of the last meeting

03/04/22 The minutes from the previous meeting on 24 January 2022 were reviewed and both confidential and public minutes were APPROVED.

4 Matters Arising

04/04/22 12/11/21 – first draft of the ARA will be presented to ARAC in June which will pick up BAU and performance measures.

5 Strategic Risk Register

05/04/22 RBP advised members that the register for review was the current one. A full review of the SRR had not been carried out by Board and ARAC since 2018, and the revised version was being drafted following discussion with REG and the Risk Review Group. The discussion at the Board workshop on 26 April will discuss risk appetite and following that, the new register will be presented to ARAC at the June meeting. The Chair stated that it would have been preferable for ARAC to have seen the draft of the new SRR before it was discussed at Board.

05/04/22 Members NOTED the current register which showed four risks were above appetite, and RBP updated in more detail on the following:

06/04/22 *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:*

Recruitment in the I&E and Legal teams had been successful. The policy and assurance teams are coming under pressure as the work on the White Paper is ramping up. Recruitment is being reviewed for these two teams and the situation will be kept under review.

07/04/22 *We are unable to secure our budget*

RBP advised that discussions are still ongoing in respect of the 2022-23 consumer regulation budget, which is currently awaiting approval from HM Treasury. The GIA and fee budgets have also not yet been approved by DLUHC. A decision on both is hoped to be received by the end of May.

08/04/22 There was a query in respect of the review of the HR Policies, and RBP advised that there were a number of policies inherited from previous organisations – TSA, HCA and HE which we have a programme underway to review led by the RSH HR team. It is also an opportunity to align these various policies for all RSH staff.

09/04/22 The Chair advised that at the recent meeting of ARAC chairs that she attended, there was a clear steer to having Cyber risk on SRRs. The risks of cyber attacks are increasing and these are increasingly affecting email and diary systems rather than whole networks, but are just as disruptive to the core activity of organisations. She suggested that management consider the inclusion of cyber attacks on the register and consider the scoring for the risk to be high. RBP NOTED this for discussion with REG and the RRG.

RBP

10/04/22 The Chair raised the recent announcement by Jacob Rees-Mogg MP of the Public bodies reform and efficiency review and what impact that could have for the RSH. JW advised that we have not had any further information on this review from DLUHC.

6 In-depth review – Functional Standards (FS)

11/04/22 JOM joined the meeting and RBP gave members an overview of the introduction of the FS in September 2021, which organisations were expected to have plans to implement on a reasonable and proportional basis by 31 March 2022. We have carried out a review of all the standards and identified 11 of the 13 which apply to the RSH. We have identified leads and subject matter specialists for each of the applicable standards and a second line review adding another level of assurance is carried out centrally where actions were identified and these will be prioritised and reviewed by the end of Q2. JOM confirmed that the requirement was for us to have plans in place which we did at the end of 2021 and are confident that we will meet all the standards applicable to the RSH by the end of the current financial year. Implementation of the standards are included in the Business Plan and REG will receive monthly updates and quarterly reports will be submitted to the Board. All mandatory elements will be complied with by the end of 2022. Members NOTED an example of the template which will be used to ensure consistent reporting and the compliance with the FS will be referenced in the ARA which both ARAC and Board will have the opportunity to review.

12/04/22 There was a query in respect of the ability to give grants, and whilst the RSH cannot give grants, we are able to make financial payments. It was confirmed that the guidance did not classify financial aid to be the same as grants, but JOM AGREED to confirm this point. In response to whether there was a legal requirement to comply with the mandatory standards, RBP confirmed that this responsibility rested with the Accounting Officer as it was established under a “Dear Accounting Officer” letter, and this will be reported in the ARA. The NAO confirmed that this was a very new area and that they will provide an NAO audit view, but currently were unable to give much more information other than the Functional Standards go further than the Managing Public Money but are unlikely to impact on the audit opinion. DLUHC will be reporting to the Treasury on progress of all ALBs and GIAA confirmed that this was their understanding too.

JOM

13/04/22 Members thanked JOM for a very comprehensive report.

7 Internal Audit (IA) Update Report – Homes England

14/04/22 PS introduced the paper and KT reported on the four IA final reports and progress against the IA plan. All planned audits have now been completed ahead of the HE IA ending their provision of IA services to the RSH.

15/04/22 *Model Maintenance*: the audit provided a MODERATE level of assurance. The 3 recommendations were NOTED and assurance given that compliance with the recommendation in relation to the management framework is well advanced and will be completed by the end of June 2022.

RBP

16/04/22 *Information Security*: the audit provided a SUBSTANTIAL level of assurance, with 2 recommendations. The recommendation in respect of refresher training will be carried out by IS and DP teams via team meetings and attendance at these training sessions is well attended with staff taking compliance with IS and

DP requirements very seriously. Refresher training will be scheduled for Board members as well.

17/04/22 *Data Protection:* the audit provided a SUBSTANTIAL level of assurance, with 2 recommendations. RBP confirmed that there had been no breaches that had required reporting to the ICO. The recommendation in respect of training will be addressed.

18/04/22 *Referrals and Investigations:* the audit provided a SUBSTANTIAL level of assurance, with minor recommendations. In respect of the retention of supporting documentation, assurance was given that the documents that were not saved were recoverable from the organisations that provided them via portals. The error has been addressed with staff who are now aware of the expiry of documents that are provided in this way and mitigations are in place for there to be no repetition. RBP AGREED to get confirmation as to whether the documents were in relation to live cases.

Outstanding actions from 2020-21

19/04/22 The 12 outstanding actions were NOTED and where stated, the revised completion dates. Given the number, the Chair asked that management bring a log of the 2020-21 and 2021-22 actions to the June meeting to ensure visibility to GIAA to monitor.

LH

Internal Audit provision post 2021-22

20/04/22 PS advised that the IA provision will pass from HE to GIAA with effect from the end of May 2022. HE IA team have been meeting and discussing the transition with the GIAA IA team. All historical reports have been passed over and the four reports considered today, along with the historical and live outstanding actions will be sent after this meeting when agreement for the format in which GIAA wish to receive them has been agreed. The Chair requested that HE IA keep ARAC advised on any transitional issues should they arise and PS confirmed that he will continue to liaise with the GIAA team.

21/04/22 The IA annual report and opinion will be submitted to cover the period to end of May 2022, and the report will be presented to the October meeting which HE IA will attend. GIAA will pick up the internal audit reporting and their audit opinion will commence from 1 June 2022.

22/04/22 As this was the last official meeting that the HE team will be attending, PS thanked the management team for the good working relationship that had been maintained over the years. He thanked the Chair and members of ARAC for their robust but fair challenges. The Chair returned her thanks and those of the members to PS, KT and Maria Craig for the support that they had provided to the RSH through the transition and to date. The quality of the reporting has always been very impressive, and she will be sad to see them go as there has always been very good collaborative working. She wished them luck for the future.

8 GIAA Internal Audit Charter

23/04/22 ND-F presented the charter which was a standard form supported by a MOU. It was AGREED that the Chair's name would be amended to Elizabeth before it was signed on behalf the ARAC and by the CEO. ND-F confirmed that he would not be attending all the RSH ARAC meetings but will maintain an oversight of the relationship between GIAA and RSH. He assured the

Committee that confidentiality would be maintained between the various ALB's the GIAA are auditors for, including HE. If there is any information that is required to be shared with DLUHC, this will only be done with previous agreement of the RSH. In response to a query about unrestricted access, it was clarified that this referred to the audit team being given all information that they required that was relevant to the audit being undertaken.

24/04/22 The Chair welcomed the team and NOTED that it would be Lisa Harvey who will be the Head of Audit for the RSH.

9 National Audit Office (NAO) update report

Audit Planning report

25/04/22 LA, presented the audit planning report which has been finalised, for information, and confirming the report had not changed.

Interim audit updated

26/04/22 EN confirmed that the interim audit was now complete and thanked the finance team for their co-operation and timely provision of the information requested. All testing was complete and based on work completed to date they have not identified any evidence of management override of controls. As set out in their audit plan, the majority of their audit work will be completed during the final audit fieldwork in the Autumn, as a result of the timing of the pension fund audit and LGPS assurances which are currently expected in late September 2022. She advised members that there has been a change in administrator and actuary for the CWPF scheme during 2021-22. They did not envisage that there would be any additional audit procedures required due to these changes. No issues were reported relating to the transfer of data between administrators. They confirmed that they would once again be carrying out a review of the assumptions and methodologies applied by the actuaries of LGPS schemes. The new actuary, Hymans Robertson, is within the scope of this review and NAO's experience of HR had not identified any issues regarding their standard actuarial approach. They are not anticipating significant changes in actuarial assumptions given this is not a triennial review year. RBP confirmed that he was in discussions with the NAO regarding the timing of the reporting on the pension schemes, and no delays are envisaged at this time.

27/04/22 The Chair enquired if there was any information on the McCloud ruling and LA responded saying there was no firm decisions, although there has been some reports that there may well be some potential changes introduced, but the RSH is unlikely to be impacted by any changes.

11 Forward Planner

28/04/22 Members NOTED the planner.

- As agreed the 17 October meeting will be kept under review.
- The 7 November meeting will be a virtual meeting for the sign-off of the ARA.

29/04/22 BC addressed the meeting in regard to the Board and Committee self assessment. The IA review of Governance had recommended us carrying out an external assessment, and to this end was seeking confirmation from the ARAC that they will assist with the procurement of an external effectiveness review contractor, who is not connected to the sector.

30/04/22 To further help with governance matters, BC was intending to carry out a skills matrix of board members with a view to this aiding in the appointment of new members. For this year, the previously used self assessment form will be used. The Chair thanked BC for this update and it was AGREED that the committee will discuss a potential contractor and also start thinking about the procurement.

12 **Any Other Business**

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: 27 June 2022 – Manchester 1300 - 1600