



# Regulator of Social Housing

## PUBLIC MINUTES of the Audit and Risk Assurance Committee (ARAC) meeting on Monday 14 April 2025 at 1100 Hybrid meeting

### **8 Remote and virtual participation**

- 8.1 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.
- 8.2 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**

John Liver (JL)	Chair
Kalpesh Brahmbhatt (KB)	On-line
Richard Hughes (RH)	On-line

### **In attendance**

Kate Dodsworth (KD)	Chief of Regulatory Engagement
Lisa Harvey (LH)	Audit Manager, Government Internal Audit Agency (GIAA)
Mike Newbury (MN)	NAO, Audit Director (On-line)
Jenny Obee (JO)	Engagement Lead, Government Internal Audit Agency (GIAA)
Sandy Pacek (SP)	Head of Corporate Services (for item 9 – On-line)
Richard Smith (RS)	NAO, Engagement Manager
Emma Tarran (ERT)	Senior Assistant Director Head of Legal and Company Secretary
Jonathan Walters (JW)	Deputy Chief Executive
Kashif Zaman (KZ)	MHCLG

### **Minutes**

Chris Kitchen	Board Secretary
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### **1 Welcome and apologies**

01/04/25 The Chair welcomed everyone to the meeting. There were apologies from Shyne Coulson, Fiona MacGregor and Richard Peden.

### **2 Declarations of Interest**

02/04/25 There were no new declarations of interest.

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

03/04/25 The minutes from 20 January 2025 were APPROVED, subject to minor amendments.

#### 4      **Matters Arising**

04/04/25 The outstanding actions were considered closed. The NAO lessons learned action remains outstanding.

*11/11/24: NAO lessons learned-2022-23 audit* MN confirmed that this has also been completed but had not yet been shared. It was agreed that this will be presented to the April ARAC as part of the 2025 audit planning update.

**RS**

#### 5      **NAO audit planning report**

05/04/25 MN advised the committee that he will be changing roles and the role of Engagement Director for the RSH will be taken over by Paul Hewitson. RS will continue to be our Engagement Manger.

06/04/25 MN presented the audit planning report on the 2024-25 financial statements audit.

07/04/25 The Committee considered the actions listed in the planning report as requiring confirmation or action by the Committee. Committee members were not aware of any relevant matters to be brought to the attention of the NAO. MN committed to write to JL to follow these up (noting this is a new audit procedure around awareness and should not require any further control assessment work by management). The Committee would then discuss the letter with the Executive before responding. JW asked that FM as the AO is also copied into the letter, which MN agreed to do.

**MN**

08/04/25 *Scope of audit:* this was discussed and accepted and there were no questions from Committee or management.

09/04/25 *NAO Fees:* there was a discussion about the increase in the NAO fees, and MN set out the rationale for the increase which relates to deficits from previous years now having to be recovered. Members considered the explanation set out in the planning report. MN acknowledged that the RSH fees are at the higher end of bodies audited by the NAO and this was partly attributable to us having two pension schemes. Additional expectations from the Financial Reporting Council (FRC), new accounting standards and changes in auditing standards are all also factors in driving up the cost of audits, and this year there will also be the new risk area mentioned above.

10/04/25 JL thanked MN for the explanation but challenged the high fee level for what is a straightforward organisation with a simple balance sheet and limited revenue complexity. JL acknowledged that the NAO need to recover their costs, but he made a comparison to another organisation which was very similar to the RSH, which has audit fees half the cost of ours. He noted that the NAO paper referenced working with management to identify areas for greater efficiency and encouraged this dialogue. Members challenged the NAO on the actuaries' fees and why there was a need for two sets of actuaries when the schemes are Government schemes and also challenged the high costs of assessing the sharing of pension pots. On the actuarial point, MN accepted the challenge, however our pension figures are substantial and as the NAO do not have in-house actuaries, they have to appoint external actuaries. RH noted the significant aggregate expense of multiple sets of pensions work, involving the same pension scheme, just for the comparator bodies listed in the NAO's fee comparison. MN agreed to take these challenges back to the NAO for

discussion. He mentioned there has been some wider push back on the FRC expectations and JL suggested that we might also want to consider making representations about the the efficiency of auditing costs to Government bodies including the regulator.

11/04/25 Next steps:

- MN to write to JL and FM to confirm the actions.
- Discussions to continue with the Finance team on the audit areas and in particular the new risk area to be included in the audit.
- Paper to the next ARAC meeting from both the NAO and RSH to identify smarter ways of working, ways to increase efficiencies and scope for reducing actuarial costs.

NAO/RSH

12/04/25 MN thanked members of the Committee for the discussion and JL thanked MN for his leadership of the NAO team over the past five years and looked forward to receiving the confirmation letter from him and to an introductory meeting with Paul Hewitson.

## 6 GIAA reports

13/04/25 LH introduced the reports. LH confirmed that four of the five audits are now complete with two substantial and two moderate ratings.

- The *procurement and payment control audit* has been completed and the final report was included in the pack. The audit received a MODERATE rating.
- The *resourcing and resilience audit* has also been completed and the draft report is with management for consideration. The final report will be issued this month and reported to the July ARAC.

14/04/25 *Recommendations:* There is one overdue action with an extended due date from the *Registrations audit*. JO advised that the delayed actions related to template letters, tone and content and she confirmed that there is no significant risk attached to this action being overdue. There was reference to the delay being attributable to taking advice from the Legal and Comms teams. KD advised that in fact responsibility for the actions rested with the Registrations Team and that they were working to conclude them. JO also confirmed that the original audit of Registrations has been dealt with. KD confirmed that the scoping for the Registrations project is on track.

15/04/25 In general, GIAA are liaising with F&CS about action due dates. GIAA are encouraging action owners to set realistic and achievable timescales, even if these are a little longer. JW added there had been some resource issues in F&CS which have now been resolved and the team are working with staff to give advice when responding to audit actions.

16/04/25 Members NOTED the explanations for the extension of dates in relation to IT Controls and Capacity and Capability audits and that the agreed actions were not yet due for two medium recommendations made in relation to the Registrations audit, and four medium recommendations in relation to the Procurement and Payment Controls audit.

17/04/25 The final report on the Procurement and Payment Controls audit confirmed a moderate rating and the areas of audit were NOTED. JW added that the audit against the Counter Fraud functional standard had been very useful and GIAA

had confirmed that they were content with the approach we will be taking to the comply or explain requirement.

#### *2025-26 Audit plan and forward plan*

18/04/25 The draft audit plan had been discussed at ARAC in January, and the final audit plan for 2025-26 was considered by the Committee and management. The audits will be:

- Safe Harbours (Q1)
- Fire and remediation survey (Q2)
- HR Capacity and workforce planning (Q3)
- I&E Casework procedures (Q3/Q4)
- New Regulatory processes and assurance (Q4)

19/04/25 LH discussed the processes GIAA follow for their audits which include meetings with the AO and DCEO and area directors. GIAA carry out risk assurance and refer to the Orange Book and the risk control framework. Annex 3 was NOTED which set out the future planned areas of audit which can be flexed if required. JW said that the relationship with GIAA continues to be positive, respecting the value of independent challenge. JL said that he would like to see an audit of IT strategy following the transfer of our digital services. JW said that it was likely that an audit of the data transfer would be a priority and then the whole data strategy will follow. ARAC APPROVED the audit plan.

20/04/25 *GIAA MOU and Charter:* ARAC NOTED both documents and CK confirmed that these will be signed and returned to GIAA.

21/04/25 *Fees letter:* ARAC NOTED the fee letter. JL thanked GIAA for the supplementary documents which were useful and he thanked LH and JO for their attendance and updates.

### **7 Procurement Exception Reporting**

22/04/25 ARAC NOTED the report which set out the procurements made as exceptions to the procurement policy and JW confirmed that these all related to one-off procurements.

### **8 Counter fraud, bribery and corruption report**

23/04/25 JW explained that this is an annual report and takes into account the internal audit recommendation from the fraud audit. We now have a continuous improvement plan and JO confirmed we are complying with the general principles to counter fraud. There were no areas of concern and the report was for information and was NOTED by the Committee. The Strategy and Action Plan for 2025/26 were APPROVED.

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

24/04/25 SP joined the meeting on-line. JW introduced the SRR and reminded members that there is a discussion scheduled with Board on risk appetite at the June meeting. JL said he was unclear about how long we have been above tolerance on some of the risks and what actions we intend to take to get us to where we want to be. JW explained that most of the risks where we are above tolerance are areas which are due to factors that are out of our control. JL said

that he wants the SRR to be the key driver of action on managing risks in the organisation and welcomes the forthcoming discussion on risk appetite. SP confirmed that thinking has started and initial discussions have taken place with the Executive Team. JW confirmed that we are doing a lot of thinking in this area. JO endorsed our plans to be mindful of the relationships between internal and external risks. RH and KB had no further comments on the SRR and JL thanked SP for the paper and her attendance.

## 10 ARAC self-assessment

25/04/25 JL addressed the results which were generally positive and had raised a few things to consider.

- Overlap between ARAC and N&RC - consider how and where to address this. It was suggested that perhaps this could be an agenda item for a future board, once the N&RC self-assessment had been discussed.
- Gender diversity of the ARAC – to be considered when the new board members are in post.
- Continued training/development – JL suggested that this should be picked by ARAC members as part of their appraisal. NAO and GIAA to advise if they are running any suitable training sessions that members could attend.
- Horizon scanning – as the risk assurance committee JL considered this an important area. JW agreed that we should consider doing this twice a year.
- Relationship with the NAO – the discussion on timing and delivery of the audit as well as the previous discussion on identifying efficiencies and value for money to be followed through. Important that there is a constructive relationship and no barriers to two way conversations.

CK

Board

NAO/  
GIAA

RBP

NAO/RSH

## 11 Forward Planner

26/04/25 Members NOTED the items on the Forward Planner. An update on the IT data transfer to be added to the July ARAC or Board. Confirmed the date for the ARA sign-off as 17 November 2025.

CK

## 12 Any other business

27/04/25 JL asked members and officers for their preference on having ARAC meetings face to face or hybrid. It was AGREED the meetings in April and October would so far as possible (and recognising that it might not be practical or cost-effective for some people) be all member face to face meetings and the January and July meetings can be hybrid.

28/04/25 Recorded for the minutes, JL offered his and the organisation's thanks to RH for his contributions to ARAC. This will be his final ARAC before his term as a board member ends on 30 June 2025.

***Date of next meeting: 14 July 2025***