



PUBLIC MINUTES
of the Audit and Risk Assurance Committee (ARAC) meeting
on Monday 20 October 2025 at 1100
PG52, 2 Marsham Street

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 Brahmhatt (KB)	On-line
David Cassidy (DC)	

In attendance

Kate Dodsworth (KD)	Chief of Regulatory Engagement
James Dunbar (JD)	Head of Finance
Peter Fenn (PF)	Head of Social Housing Regulation, MHCLG
Lisa Harvey (LH)	Audit Manager, Government Internal Audit Agency (GIAA)
Paul Hewitson (PH)	Director Financial Audit (NAO)
Fiona MacGregor (FM)	Chief Executive and Accounting Officer
Jenny Obee (JO)	Engagement Lead, Government Internal Audit Agency (GIAA)
John O'Mahony (JOM)	Assistant Director Corporate Services (for agenda item 10)
Emma Tarran (ERT)	Senior Assistant Director Head of Legal and Company Secretary
Jonathan Walters (JW)	Deputy Chief Executive

Minutes Christine Kitchen

1 Welcome and apologies

01/10/25 The Chair welcomed everyone to the meeting. There were no apologies from members. There were apologies from the Director of Finance and Corporate Services, Richard Peden.

2 Declarations of Interest

02/10/25 DC mentioned his new declaration of interest on the consultancy work for CBRE. This has been discussed with the Chair of the Board, the Accounting Officer and the Head of Legal.

3 Minutes of the last meeting

03/10/25 The minutes from 23 July 2025 were APPROVED, subject to one minor amendment.

4 Matters Arising

04/10/25 13/07/25 GIAA annual opinion

- the action is for JW not NAO. Matters arising to be amended to read “The Executive Team would carry out a gap analysis on the new audit requirements applicable from April 2026, and report back to ARAC.”

19/07/25 and 25/04/25 Risk reporting and ARAC self-assessment

- JL asked whether the horizon scanning element of 25/07/25 was captured under 19/07/25. FM said that we want to pull together the discussion on the plan for deep dives and forward planning to incorporate horizon scanning on an ongoing basis. 19/07/25 and 25/04/25 to be replaced with a new action: “The Executive Team to organise a rolling discussion on the forward planner of deep dives which will cover items that constitute horizon scanning.”

CK

5 Forward Planner

05/10/25 Updated after discussions at this meeting:

- ARAC self-assessment – timing to be confirmed.
- Response on the audit point about approval of journals
- Procurement policy – timing to be confirmed
- Discussion on sector risks and risks to our regulation - January
- Risk framework – ARAC January and Board February.

6 GIAA progress report, Safe Harbours report and Supplementary pack

06/10/25 LH introduced the GIAA progress report. The Safe Harbours report was included in the pack. Members NOTED the 2025-26 audit plan and LH flagged that following discussion and agreement with FM and JW, there will be a change to the HR audit. This will now be carried out in two stages, the first focusing on operational aspects (Q3) and the second stage on strategic aspects (Q4). Members accepted this change and NOTED GIAA’s assurance that all audits will be completed by the end of March 2026.

07/10/25 JL and DC suggested internal audit on two other items:

- Work on risk management strategy and risk appetite.
- Business continuity.

JW and FM agreed both these topics will be added to discussions with GIAA on the 2026-27 audit plan. LH added that Business Continuity was on their list and timescales for all audits will be agreed with Executive.

08/10/25 Members NOTED the recommendations which were overdue beyond the first agreed extension. JO advised that in future, the report will show details against the original due date. JL asked for a responsive note from management on changes of deadlines so that we have the full picture on any extensions, and not just the latest reason/period. GIAA AGREED to build space for this into their report. FM said that we are being more thoughtful when setting delivery dates for recommendations which are part of bigger strategic pieces of work. JL suggested that clarity about the elements of the strategic work that need to

GIAA

progress in order to close down the specific audit point might help us to close audit actions in a timely manner rather than waiting for the full strategic initiative to complete. JW confirmed that this is exactly what we are planning to do.

09/10/25 Members discussed the Safe Harbours report and recorded their congratulations to the team on the work to date. JW advised that this is a foundation piece, and work has begun on embedding and training and ensuring it continues as a rolling strategic piece of work. The Board will be discussing this as part of the Regulatory Construct item at the October meeting.

10/10/25 Members NOTED the supplementary report. LH agreed to forward the Risk Report referenced to Members. The best practice suggestion of an annual Committee self-assessment will be added to the forward planner for 2026. JL thanked the GIAA for their clear reports and updates.

GIAA

7 NAO audit update

11/10/25 The committee NOTED the NAO update letter which outlined the audit process which PH said was on track for the November ARAC meeting. PH provided additional detail and gave assurance that there have not been many findings to report as yet.

16/10/25 PH confirmed again that the NAO have clearance from pension scheme auditors and in respect of timetabling, are strongly on course to be ready for November ARAC committee.

17/10/25 JL thanked PH for his report.

8 ARAC Finance Governance update

18/10/25 JD introduced the paper as the annual finance governance update to ARAC. He explained to the members the scheme of delegations and financial sign-off levels including the higher levels for CEO, DCEO and CORE. JD confirmed that ARAC will always be advised if the higher levels are used.

19/10/25 JD explained the procurement exemptions and gave examples of circumstances where we act outside of the policy – e.g. where market is constrained and there are not three suppliers; or where it would otherwise be difficult to switch suppliers. JD added that all exemption requests go to a senior officer and legal advice is provided.

20/10/25 JL asked about checks to prevent fraud and FM confirmed that at least two members of RET are always involved on all procurement exemptions. JL requested that ARAC are sighted on the revised procurement policy. It was AGREED this will be added to the forward planner.

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21/10/25 JD explained the context for the MHCLG peer review of fraud risk arrangements, which is best practice. Four recommendations came out of the review, and we are following up on these.

9 Draft 2024-25 Annual Report and Accounts

22/10/25 JD led the discussion and explained that the committee had seen an earlier draft in the summer, and this version is the last draft before the final document is submitted for sign-off in November.

- 23/10/25 JL invited comments from members on the document and suggested this was done in line with the committee responsibilities as set out in the Terms of Reference. JL enquired about the reporting issues regarding lease accounting and JD explained that only one of our offices is subject to the rules and on the balance sheet. All other office leases are unaffected because there is a right of landlord substitution, but this is likely to change.
- 24/10/25 JL picked up on the reporting on the change to our regulatory approach and FM advised that it was a deliberate decision to not focus just on consumer regulation but rather reflect our integrated model of regulation – economic and consumer. Members were content with this approach. There were no other comments – JL had a couple of typographical amendments, and it was agreed these, and any others would be sent to JW/JD before the end of the week.
- 25/10/25 FM confirmed that there would be a confidential members session with the auditors on 17 November 2025.

10 Strategic Risk Register

- 26/10/25 JW took the paper as read. JOM joined for the discussion. JW said that SRR is a work in progress at the moment. JW talked about:

R6: legal challenge – risk 5.

Risk 7 - We cannot manage conflicting stakeholder expectations or demands
JW confirmed that this risk covers all sector risks including finance.

- 27/10/25 JL enquired about the work that is being undertaken on updating of the risk framework, and what progress has been made. JW/FM confirmed that the risk framework document would be presented to ARAC in January 2026, and to board in February 2026 and then be ready to go live in April 2026. JL asked about areas where risks are above appetite, and whether it was appropriate to leave these as they are. FM confirmed that we have discussed risk appetite and rather than just increasing that, we settled on acknowledging that there were areas where our appetite was lower than our current assessment, but the tools available to us to move the level of risk were limited. In such circumstances, we considered whether we could tolerate the level of risk whilst we continued to use whatever influencing power we had on the issue, and had generally considered that we could. JL asked if there could be a more explicit description and recognition of that tolerance in the register.

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JW made the link to the regulatory construct work. It was acknowledged that we need to be able to address and be transparent of our awareness of both strategic and sector risks. GIAA commented on the importance of keeping the discussion alive around risk tolerance and appetite. They also commented that there is a real strength in bringing together the risks to the regulator and the risks to the sector. It was agreed that we can bring this back for a discussion at the January 2026 ARAC meeting.

11 Digital transition update

- 28/10/25 JW confirmed to members that we have received a helpful first draft report from GIAA. The Digital transition project is due to shut down at the end of this week and things are feeling a lot more settled for staff. JW advised that we have established a digital data and strategy board, with JW as SIRO. KD and WP are both on the board

29/10/25 . Generally, in the central areas there is a need for the organisation to place more emphasis on efficiency and effectiveness as we have grown. All this is a natural transition for a larger organisation and FM is keen for us to learn from this and apply the lessons in other areas, however none will be as large as the digital transfer.

12 Any Other Business

30/10/25 None raised.

JL thanked everyone for their input to the discussions. Auditors and other attendees left the meeting before the closed session with the Executive.

Date of next meeting: 17 November 2025