

Minutes from Online Audit and Risk meeting - Non-Confidential held 11th May 2023

Attendance	John Rawson (JR) (Chair), David Clowes (DC) (Vice Chair), Christine Gore (CG), Andrew Parfitt (AP), Ian Mason (IM), Arthur Dzido (AD), Emma Wall (EW), Vicky Day (VD), Adam Waller (AW), Lucy Cater (LC) SWAP, Emma Cathcart (EC) Counter Fraud and Enforcement Unit, Nathan Coughlin (NC) Bishop Fleming
Recorder	Rhian Watts (RW),
Apologies	Richard Pineger (RP), Caroline Walker (CW)
Quorate?	Yes

Item	Notes	Action for
1	<p>Meeting commenced at 17:33</p> <p>Apologies received from RP and CW</p> <p>No declarations of interest.</p>	
2	<p><u>Board Champion for Risk (Verbal)</u></p> <p>IM explained that he and AW had a very productive initial meeting and have arranged a risk session to talk about development with Alison Salter (Head of Development) for the 16 May. He noted that this is a lower scoring area of Boards’ skills matrix. IM added that a longer session is planned for June to consider the higher scoring risks around cyberattack and IT failure, and the HRA and CBH budgets. He highlighted that they had discussed his desire to empower all Board members to manage risk and find opportunities to consider risk in more detail outside formal meetings. IM explained that Board members will be offered the opportunity to attend all risk challenge sessions.</p> <p>The Committee noted the contents of the verbal update.</p>	

3	<p><u>Board Champion for Health, Wellbeing and Safety (Verbal)</u></p> <p>CG congratulated CBH and Andy Tootell (Health and Safety Manger) for the successful achievement of a 9th gold RoSPA (Royal Society for the Prevention of Accidents) award. She also highlighted the work carried out by Jo Rea (Senior People and Culture Business Manager) for her work pushing forward the wellbeing agenda within CBH. CG noted the work being done in this area and the importance of colleague wellbeing to ensure they are cared for and supported, that they care about the organisation and to make us an employer of choice. She explained that she had met with Mark Way (Head of Building Services) (MW) and Emma McShane (Head of People and Culture) and reviewed the latest compliance report. CG noted that the report has shown an increase in anti-social behaviour (ASB) incidents likely due to the difficult situations customers are in that can impact their transactions with colleagues. She explained they had discussed how colleagues are supported in relation to these incidents and had been assured that they are being provided with training in de-escalating situations and support for them when incidents occur. CG commented that we have also seen an increase in near misses within the report due to colleagues being encouraged to report these situations and reduce the likelihood of becoming actual incidents. She noted that training has also been offered that has led to a decrease in non-RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents and road traffic incidents. CG highlighted that she had also received assurance that the work around Damp, Mould and Condensation (DMC) is being managed effectively and progressing. She noted that the reporting is being refined that will be brought to the Committee in the future. JR commented that Board had recently received a very good report on DMC and that it will be useful to see further detail in the future. He highlighted that MW had shown an impressive depth of knowledge and provided confidence that CBH is progressing in the right direction with our management of DMC.</p> <p>The Committee noted the contents of the verbal update.</p>	
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4	<p><u>Agree non-confidential minutes of the 09.02.2023 meeting and note progress on current action points</u></p> <p>JR noted that one action point was currently outstanding due to issues with the IT system. DC asked if there was any further information about the reason for this delay. AD explained that whilst QL is capable of delivering asbestos survey information with customers, the information itself is stored in a separate system, Documotive, provided by a different provider. He noted that this system will need to be upgraded to allow the systems to work together but that the provider of Documotive is currently not in the position to carry out this upgrade. AD noted that he and EW have discussed whether there is an option to share the information outside of the system through the customer portal. He explained this will need to be investigated further. AD highlighted that the cost of this work will need to be considered against the benefit to customers, who currently are already provided with this information on request. He noted that the Committee will continue to be kept informed as these discussions progress.</p> <p>The Committee agreed that the non-confidential minutes of the 09.02.2023 meeting were a true record and noted that one action point was currently outstanding.</p>	
5	<p><u>External Audit Plan 2022-2023</u></p> <p>NC introduced the External Audit Plan and explained that the scope of the audit will be broadly the same as previous years. He highlighted that the most significant change is that CBH Services Ltd. will not require auditing as the subsidiary is now a fully dormant company. NC noted that there were no significant changes in accounting standards in 2023 but that a number of changes had occurred in auditing standards. He explained that these covered the assessment of risks to consider subjectivity and complexity, and around IT risks and the key financial systems to ensure controls are robust.</p>	

	<p>NC highlighted a number of risks in the risk assessment contained within the plan recognised as significant risks by auditing standards. Firstly management override of controls which reflects the estimate and judgements used by the Finance Team to put together the Financial Statements and the ability of management to bypass control environments, typically by posting journals straight into systems rather than through purchase order processes. NC explained that Bishop Fleming use data analytic tools to identify trends across the system’s journals and interrogate who are posting them. Secondly he highlighted revenue recognition and explained that it is used to understand the different income streams and ensure income is recognised in the right period. He noted that balances are agreed with CBC at year end. NC highlighted the heightened risk around pension assumptions and noted that the use of actual inflation rates rather than assumptions around longer-term inflation rates had been discussed with teams to ensure agreement on the methodology followed by the actuary. He explained that benchmarking is carried out around the assumptions used on discount rates and longer-term inflation assumptions. NC noted that going concern continues to be a high-risk area as ALMOs hold a fairly low level of reserves excluding the pension position to make the best use of the funds. He explained that this is considered against the going concern paper produced by management which forecasts the next 12 months to show CBH are comfortable with the cash position. He noted that there have been good levels of accuracy within the going concern report over recent years. NC finally noted that the private rental sector (PRS) scheme is a relatively new risk area due to the arrangement in place being considered a complex financial instrument. He explained that a number of calculations are carried out with the Finance Team to ensure these are held at fair value under an agreed methodology to meet accounting standards.</p> <p>IM asked for further details of the full terms of reference mentioned within the engagement letter. NC explained that this is reviewed at least every 3 years or when significant changes occur</p>	
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	<p>to legislation. He noted that he would be happy to circulate the current version.</p> <p>IM asked how substantive procedures used to assess the company’s operating effectiveness is defined. NC explained that there is a good control environment in place but detailed testing is carried out on substantive procedures, including the use of data analytics on journals and agreeing balances with CBC, to ensure there is not over reliance on this control environment.</p> <p>IM noted that trivial errors are defined as no more than 5% of materiality level and asked for confirmation that this was set at 2% of turnover meaning trivial errors would be 5% of this 2%. NC confirmed this was the case and noted that any errors above 0.1% of turnover will be addressed and updated in the accounts before they are signed off.</p> <p>DC asked whether the same team are carrying out the audit as the 2022 audit and whether the audit would be carried out remotely or face to face. NC commented that it was important to have a balance between independence as an auditor, providing effective customer service and not disrupting CBH’s business and that whether meetings were on site will be discussed with those involved on a case-by-case basis. He confirmed that the audit team will be working together in offices to ensure the efficient sharing of information. NC explained that the team would be led for the 2nd year by Alison Chinn (Audit Manager) but with a new senior auditor below that.</p> <p>AP noted that procurement has been discussed by the Committee in the past and asked whether this was included in the audit. NC explained that there are elements of assurance around procurement as Bishop Fleming will consider whether significant expenditure is authorised, appropriate and in line with relevant procurement processes on a sample basis. He noted that a more detailed review would be more appropriate to the role of Internal Audit. LC confirmed that Internal Audit have carried out a</p>	
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	<p>procurement audit in 2022 and have one scheduled on fire door procurement in 2023. She added that a larger piece of work could be included in the future to look at the overall procurement process.</p> <p>JR thanked NC and his team for the work carried out and the assurance provided.</p> <p>The Committee endorsed the External Audit Plan for 2022-23.</p> <p>NC left the meeting.</p>	
<p>6</p>	<p><u>Review and recommend to Board the annual review of the Risk Appetite Statement</u></p> <p>AW introduced the annual risk appetite statement and explained that it sets out the context for the overall approach to risk and the current high level risk appetite for CBH with some sort of broad context or reasoning behind that. He noted that it includes information about how risk is approached, links to assessment tools and the Risk Management Policy and provides a visual representation of the current level of risk appetite in the business.</p> <p>JR noted that there is a positive appetite for risk relating to PRS activities in line with CBC's ambitions. He asked whether this appetite was appropriate given the current operating environment and uncertainty within the property market. AD agreed that the market is challenging at the moment and that our principle focus is on developing new homes rather than PRS. He explained that we are continuing to carry out assessment to understand the balance of risk and understand the parameters that will allow us to take advantage of opportunities that emerge.</p> <p>IM commented that we have less appetite for risk negatively impacting on colleague engagement but noted that there is no reference to tenant or customer engagement. He asked whether this should be considered in light of the new consumer regulations</p>	

	<p>and regulatory framework. AW commented that non-compliance with the regulator and consumer standards is referenced and agreed that this could more explicitly reference tenant engagement.</p> <p>ACTION – Include reference to tenant engagement within Risk Appetite Statement.</p> <p>AP asked whether there had been discussion on reducing our risk appetite from the previous level. AW confirmed that this had been discussed intensively by ET to ensure there was the right balance between taking opportunities and the risk involved. He asked whether there were any changes in the sector that would lead to the appetite being reduced. AP noted that concerns around the viability of the HRA, the rise in interest and property rates and the cost of living crisis made the operating environment feel more challenging. AD agreed that this had been discussed and it had been agreed that we shouldn't be constrained by a low risk appetite. He noted that it was important to ensure opportunities are not missed whilst taking a pragmatic approach making sure any risks taken are sound. He highlighted that these decisions will be made in conversation with CBC to ensure any risk taken is appropriate.</p> <p>The Committee considered and provided feedback on the DRAFT Risk Appetite Statement and recommended it for approval at Board with the changes noted in the minutes.</p>	<p>AW</p>
<p>7</p>	<p><u>Review and recommend to Board the Wellbeing, Safety and Health Policy, and review Quarterly Update and Compliance Report</u></p> <p>CG commented that she had reviewed the report in some detail during her recent Health, Wellbeing & Safety Champion activities and was happy with the work being carried out in these areas. The Committee agreed that the standard of information in the report is very strong.</p>	

	<p>DC noted that the report references the safety management system and the introduction of modules. He asked whether we are happy with the system and satisfied that the supplier is robust and reliable. EW confirmed that a procurement exercise had been carried out to determine which supplier would be appointed, including due diligence exercises. She noted that there are regular meetings with the supplier to ensure we continue to be aware of and are comfortable with their position and progress. AD commented that this contact allows us to monitor the suppliers roadmap to ensure the direction they are taking continues to match our needs or whether we should consider changing suppliers.</p> <p>IM commented that the KPI in relation to the installation of carbon monoxide detectors looks off-target but is not. He noted that this was impacted by non-relevant properties being included and asked if it was possible to remove these properties from the sample used. EW agreed that actions on QL included in the Big Six Audit Action Plan would enable us to discount properties or discount components from our data, which obscure the accuracy of KPIs and reflect the narrative behind KPIs better.</p> <p>IM commented that he had some confusion around figures being used to generate the KPIs relating to wellbeing and asked that these be included in the planned session to review KPIs. He noted that he would also like a better understanding of situations where the status of controls are green but the KPIs are rated red. AW agreed and noted that it would be useful to use the compliance report to structure the discussion in that session.</p> <p>JR thanked the team for the work carried out and noted that an impressive amount had been achieved since Andy Tootell had taken on the role of Health & Safety Manager. He commented that there had also been significant progress around wellbeing initiatives.</p>	
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	<p>The Committee considered and provided feedback on the information within the compliance report. The Committee reviewed and provided feedback on the policy and recommended it for approval by Board.</p>	
<p>8</p>	<p><u>Review and recommend to Board the Unreasonable Behaviour Policy</u></p> <p>JR informed the Committee that there had been a change to the ask of the report and that this item was no longer a decision item. He explained that instead the Committee were asked to consider and provide feedback on the draft Unreasonable Behaviour Policy.</p> <p>EW explained that the Housing Ombudsman requires housing providers to have a policy to address unreasonable behaviour. She noted that the policy had been created following consultation with tenants. EW highlighted that as this policy will lead to a restriction of services for some customers it was felt that it would be valuable to seek the Committee’s feedback on the content of the policy and approach taken.</p> <p>CG commented that this was an excellent policy and highlighted that it was particularly useful that it provided comprehensive examples of what we mean by unreasonable behaviour. She noted that there is difficulty similarly defining offensive behaviour due to peoples’ differing opinions, for example in regard to bad language. CG asked how we will help colleagues to identify when offensive behaviour becomes unreasonable. EW agreed that offensiveness was a more challenging area to define. She explained that cases are discussed with a number of colleagues to ensure that there is a diversity of opinion sought to provide a balanced response to these issues.</p> <p>CG asked who has sign off for invoking the policy within CBH. She noted that it’s important that a proper justification be made to somebody in a senior position before the policy is used. EW confirmed that it was intended that sign off would be given by a</p>	

	<p>Head of Service in conversation with an Executive Director. She noted that this would be clarified within the policy.</p> <p>ACTION – Clarify responsibility for sign off in the Unreasonable Behaviour Policy.</p> <p>IM agreed that this was a very positive policy. He suggested that as this may be a change from how customers have been managed in the past, it would be beneficial that they understand that there has been regulatory change.</p> <p>DC noted that the policy refers to the fact that customers may need assistance if they “find it difficult to express themselves or communicate clearly”. He highlighted that we have asked customers to explain their requirements in these cases but they may not be able to. DC suggested that it may be helpful to clarify this point further. EW agreed that it was important different customers needs are treated with understanding and empathy. She highlighted that this was an important part of the commitment to listening and acting that is being built into the culture of CBH.</p> <p>DC commented that it was sensible that the appeals process will involve a colleague unconnected to the initial decision. He noted that this could potentially involve large numbers of colleagues depending on how often the policy is used. DC asked if potential training had been considered and whether guidelines were being created to ensure there is consistency within the appeals process. EW commented that it is unlikely that this will be used regularly as we only have a very small number of customers to whom this Policy would apply. She highlighted that despite the small numbers these customers take up a significant amount of officers’ time and the policy aims to help us control this and provide other customers with the support and services they need. EW confirmed that CW and Nick Such (Tenancy Services Manager) have discussed the appeals process as they developed the policy and that she would share the Committee’s feedback with them.</p> <p>ACTION – To consider the creation of guidelines within the policy to ensure consistency within the appeals process</p>	<p>CW/NS</p> <p>CW/NS</p>
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	<p>The Committee considered and provided feedback on the policy.</p>	
<p>9</p>	<p><u>Review effectiveness of Audit & Risk Committee and refresh Terms of Reference</u></p> <p>AW introduced the annual review of the Committee’s effectiveness and review of the Terms of Reference. He explained that the adopted NHF Code of Governance requires that every committee of the Board should consider how it had discharged its obligations and effectiveness. AW noted that we have carried out an assessment of the Committee against the 7 criteria included in the NHF Code of Governance alongside an in-depth review against the duties in section 7 of the Audit & Risk Terms of Reference. He highlighted that both reviews show that the Committee has worked extremely effectively in 2022-23 with no areas of improvement identified. AW explained that the review of the Audit & Risk Terms of Reference had recommended a number of changes to improve alignment with the Board Terms of Reference, reflect the duties of the Committee more accurately, improve clarity and reduce duplication.</p> <p>JR thanked AW and the Business Support Team for their work supporting the Committee. AW commented that it was a team effort that was only possible due to having a strong, effective Committee. JR agreed that it was very reassuring that all Committee members are well prepared and provide effective challenge.</p> <p>The committee considered and provided feedback on the final draft and approved the annual effectiveness review of the Committee. They reviewed the Draft Audit & Risk Committee Terms of Reference and recommend it to Board for approval.</p>	
<p>10</p>	<p><u>Counter Fraud and Enforcement Unit Update</u></p>	

	<p>EC introduced the Counter Fraud and Enforcement Unit (CFEU) update and highlighted the introduction of the new Multi-Agency Approach to Fraud (MAAF) group with the Police, Victim Support and the NHS. She explained that this will ensure colleagues have the information about fraud to protect the organisations they work for and will facilitate education sessions for customers, including CBH tenants. EC commented that this would be targeted where specific fraud risks were identified across Gloucestershire to disrupt active scams. She explained that sessions are being organised to provide information to CBH colleagues and discuss the best way to communicate this information to customers and inform them on how to report issues and what support is available.</p> <p>CG noted that the update reported 159 recommendations pending and 263 recommendations outstanding from 4 years ago. She asked if there were any further updates. EC confirmed that since the report was released the recommendations were being completed.</p> <p>IM asked if the CFEU were reviewing payroll and petty cash fraud or if this was handled by another party. EC confirmed it was covered as part of the counter fraud provision against external and internal fraud. She explained that any concerns referred to the CFEU they would be investigated and discussed with HR. LC added that if any fraud was found during audits of payroll, VAT or financial transactions she would liaise with EC. IM thanked them for the reassurance this provided.</p> <p>JR thanked the CFEU for the work carried out on CBH's behalf. EW commented that the team do fantastic work with colleagues across CBH and that it is extremely valuable to have such a reliable resource available.</p> <p>The Committee considered the report and commented on its contents.</p>	
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11	<p><u>Internal Audit Update</u></p> <p>LC introduced the Internal Audit Update and noted that no audits had been finalised since the last report. She explained that she had met with AW and agreed to combine the data quality audit with the audit on the Social Housing White Paper (SHWP) to focus on the quality of the performance indicators relating to the Tenant Satisfaction Measures (TSM). LC highlighted that a new audit had also been introduced looking at leaseholder charges at James Donovan Court following the removal of the audit of rent deposit schemes. She noted that the report on the ICT evening has been drafted and shared with the service manager. LC explained that at the meeting with AW they had discussed the introduction of a working protocol and client liaison meetings between the Internal Audit Team and CBH managers. She highlighted that this will provide opportunities to discuss operational issues and identify risks that should be reflected in a more flexible audit plan going forwards.</p> <p>IM asked for an update on the HR audit into recruitment procedures and the 2 outstanding recommendations that are reported as 'pending remediation'. LC explained that these had been delayed until 30 June due to changes in the People & Culture Team. She noted that a further update would be provided at the next meeting. AD noted that the Committee had asked at the last meeting how we ensure that policies and procedures are being followed and confirmed that he and LC have both done an initial review which is still being finalised. He commented that this review has identified that existing recruitment policies can restrict appointments in a challenging recruitment environment so there are situations where it can be valuable to agree measures that expedite recruitment. AD added that this will be reflected in the next policy review to provide a balance between flexibility and safety.</p>	
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	<p>The Committee noted the Internal Audit Update report and considered the assurances provided and the agreed actions.</p>	
<p>12</p>	<p><u>Internal Audit Priority 3 Recommendations Update</u></p> <p>AW introduced the update on the Internal Audit priority 3 recommendations and noted that no new recommendations have been added and 1 outstanding recommendation has been carried over with an extended completion date.</p> <p>The Committee noted progress on Priority 3 Internal Audit Management recommendations.</p>	
<p>13</p>	<p><u>Risk Review Area – Deeper Review into how CBH identifies and supports vulnerable customers</u></p> <p>CG thanked the team for a really interesting and helpful report. She noted that sheltered housing residents are contacted every 6 months and commented that whilst it was important to respect customers privacy this felt like a long time where a customer could potentially not be found following death. EW agreed that this was a sensitive issue but noted that when tenants have died in our properties they have been found relatively quickly due to the after effects of death particularly in properties with communal areas, such as sheltered housing.</p> <p>DC thanked everyone involved in the report for the assurance provided that the events at Peabody would not be repeated at CBH. He noted the discussion of shared intelligence across CBH teams and customer teams having access to restricted customer information. DC asked how we are ensuring that the information shared is proportionate and does not become a data security concern. EW explained that there is a level of data in QL that is accessible to all colleagues in teams who need that information to complete their work. She confirmed that QL doesn't contain highly sensitive information. EW highlighted that as not all teams will be accessing the same areas of data the information sharing is</p>	

	<p>intended to pull together these different strands of information to give a clearer overall picture.</p> <p>IM asked how our work is progressing on identifying customers who don't contact us and whether trends were emerging on their demographic backgrounds. EW confirmed that a report has been created that allows customer services to identify customers who haven't contacted us which is used regularly by the Customer Services Team. She highlighted that this report has revealed that less than 30 tenants haven't contacted us within this time frame.</p> <p>IM commented that it was very positive to see the quality and depth of our partnership working in this area. He suggested that it would be good to also work with active tenant groups as they can provide some of the wider oversight that was possible with the generic housing officer approach.</p> <p>JR noted the monitoring of key fob usage where appropriate to check whether tenants are still active. He commented that this might also provide opportunities to identify and support people who have become unexpectedly immobile and asked how useful it currently is. EW agreed that this can provide very useful intelligence when there is a good reason to analyse it. She confirmed that we monitor key fob usage for a number of reasons including investigations into anti-social behaviour (ASB), access for gas servicing, and whether properties have been abandoned.</p> <p>The Committee noted the content of the report with thanks.</p>	
<p>14</p>	<p><u>Big Six Audit Action Plan</u></p> <p>VD introduced an update on the Big Six Audit Action Plan compiled following an audit by Pennington Choices the year before. She explained that the rate of progress has slowed as we have moved on to the more complex issues that take longer. VD highlighted that 2 new Estate Compliance Officers have now started to provide insight into what is happening on site and enable us to manage</p>	

	<p>issues more quickly and improve compliance. She added that we are now developing our IT system to make these roles as efficient as possible.</p> <p>IM thanked VD for the report and the progress made by colleagues. He noted that it was really positive to see where we are using data to refine and support our work. JR commented that the narrative shows there are some areas where we are limited by our current IT systems and noted that an appraisal of QL is scheduled in May to consider whether it is fit for purpose. He asked if there were any further updates on this exercise. VD explained that we had reviewed whether the T100 Health & Safety system could provide us with functionality not available from QL but had concluded that this would not be appropriate as it would double our data handling and create a significant strain on resources. She confirmed that instead we are working to link QL to our mobile system which is moving to a mobile working platform called Versa and is being rolled out across CBH. VD noted that this has proved to be more challenging than expected and is expected to take a further 6 months to be fully usable in the field. She explained that we are hoping to begin testing on site soon. VD added that we will be automating processes to raise orders and will be checking that these are working efficiently. She noted that Aereon have also committed to further developing the QL system to enable it to manage compliance.</p> <p>The Committee noted progress against made against the 'Bix Six' Healthcheck Action Plan.</p>	
<p>15</p>	<p><u>Corporate Risk Update</u></p> <p>AW introduced the corporate risk update and explained that the risk register is reviewed with sponsors quarterly to enable them to assess the risk and consider it's scoring against impact and probability. He noted that following this process there have been no changes in the scoring of the corporate risks since the exercise was last completed in February.</p>	

	<p>DC asked for an overview of the continuing challenges around the supply chain and how it is working within CBH. AW agreed that this had been a particular challenge during the pandemic, particularly around the supply of materials. EW confirmed that there had been a reduction in the risk in general to supply chains but that there are still some products that can be difficult to source. She explained that we work closely with our suppliers and contractors to specify consistent materials and products which we have a reliable means of supply for. EW noted that this means we are less impacted by market and supply conditions as we have identified the right product in the first place. DC asked whether we are still having regular meetings with our major suppliers. EW confirmed that we have monthly meeting with Travis Perkins and quarterly core group meetings. She noted that the trade team also feedback regularly when materials are out of supply. EW explained that we monitor supplies using live reporting from Travis Perkins and when we find there is a long-term product that is not available we swap to a different comparable product. She highlighted that Travis Perkins have shown incredible resilience and effort to ensure we have the materials we need.</p> <p>The Committee considered and provided feedback on the information provided against Corporate Risks. They considered the risks included and whether they provided Committee with appropriate and relevant risk information.</p>	
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Meeting Closed at 19:25



Signed.....
Chair of the Audit and Risk Committee
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Date: 13/07/2023