

Minutes from Online Audit and Risk meeting - Non-Confidential held 9th May 2024

Attendance	John Rawson (JR) (Chair), Ian Mason (IM), Andrew Parfitt (AP), Paul Jones (PJ), Stafford Cruse (SC), Vicky Day (VD), Caroline Walker (CW), Mark Way (MW), Andy Tootell (AT) (<i>joined as noted in minutes</i>), Nathan Coughlin (NC) Bishop Fleming, Emma Cathcart (EC) Counter Fraud and Enforcement Unit, Lucy Cater (LC) SWAP
Recorder	Rhian Watts (RW)
Apologies	Christine Gore (CG), Richard Pineger (RP), Paul Leo (PL), Ann Wolstencroft (AW)
Quorate?	Yes

Item	Notes	Action for
	<i>This meeting was preceded by a private meeting for Committee members with the Internal Auditors.</i>	
1	<p>Meeting commenced at 17:33</p> <p>Apologies received from CG, RP, PL and AW.</p> <p>No declarations of interest.</p>	
2	<p><u>Board Champion for Risk (Verbal)</u></p> <p>IM explained that he was arranging to meet with Ann Wolstencroft (AW) (CBC Head of Performance Projects and Risk) to discuss the new risk hierarchy and AT to consider how risk is managed withing the T100 health and safety management system. He noted that he had also met with colleagues at Hesters Way Resource Centre and Oakley Community Resource Centre to review how easy it is for customers to report issues or make complaints face-to-face at offices. IM explained that this had led to recommendations to ensure the office intercoms are better signposted.</p> <p>The Committee noted the contents of the verbal update.</p>	

3	<p><u>Agree non-confidential minutes of the 15.02.2024 meeting and note progress on current action points</u></p> <p>IM noted a correction on page 1 which should have read that he was scheduling a meeting with AT.</p> <p>ACTION – Correct minutes as noted.</p> <p>The Committee agreed that the non-confidential minutes of the 15.02.2024 meeting were a true record, subject to the change noted in the minutes, and noted progress on current action points.</p>	RW
4	<p><u>External Audit Plan 2023-2024</u></p> <p>NC introduced the External Audit plan for the 2023-2024 Financial Statements. He explained that there were no significant changes to auditing or accounting standards and the majority of the risks examined are the same as the previous year. NC highlighted that there was an increased focus around going concern due to the transfer of services and colleagues back in-house, whilst CBH will continue to exist for some time. He explained that it was important to consider whether CBH and CBH Services have the ability to continue carry on trading in that entity for at least 12 months from the date of the opinion. NC noted that he was continuing to provide advice to CBC and CBH colleagues who are considering what will happen to CBH owned properties post-transfer and the potential tax implications. He explained that decisions made in these areas will impact the External Audit opinion.</p> <p>PJ commented that the decision on CBH owned properties was scheduled for the next Transition Board meeting. He noted that there were also challenges to consider in relation to the private rental sector (PRS) properties. JR agreed that there were accountancy issues to be resolved on the PRS properties and asked whether there was a proposed solution. PJ confirmed that an options paper was being prepared with five different options for</p>	

	<p>the Project Board to decide between. He highlighted that CBC would like to progress further with PRS to provide PRS tenants with more secure tenancies than they currently experience. PJ added that with the Golden Valley development pipeline we will potentially see increased demand for PRS properties.</p> <p>JR asked whether the External Audit will be considering the impact of the merger on the pension fund for both organisations and the potential savings. NC explained that from the perspective of the audit the valuation will come before the transfer occurs. PJ commented that he has been working on the pension implications and had recently met with the actuary and asked for an updated valuation. He noted that when combined the two funds are expected to be 145% funded. PJ highlighted that he had raised with the actuary that with the fund significantly over funded it was important to consider reducing contributions and passing savings on to tenants and taxpayers.</p> <p>IM asked whether Bishop Fleming were still receiving strong co-operation given the impact the transition is having on colleagues. NC confirmed that SC and the core team were working closely with the auditors to support the audit as always. He noted that there were challenges to understanding the future of the organisations and completing the strategic document but that the team were working hard to resolve these issues.</p> <p>PJ asked whether the joint Executive Team will need to complete Related Parties declaration forms. NC confirmed that they would.</p> <p>ACTION – RW to send Related Parties declarations forms to Executive Team.</p> <p>The Committee endorsed the External Audit Plan for 2023-24.</p> <p>NC left the meeting.</p>	<p>RW</p>
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5	<p><u>Internal Audit Annual Opinion 2023-2024 and Internal Audit Update</u></p> <p>LC introduced the Internal Audit Annual Opinion for 2023-2024 and explained that they had issued a medium reasonable opinion which represented a slight improvement from the previous year. She highlighted that there were no serious risks or issues identified. LC noted that the report also included details of the audits completed since the last meeting, which includes ICT threat and vulnerabilities, repairs and maintenance, damp, mould and condensation (DMC), off-payroll working, and leaseholder charges at James Donovan Court.</p> <p>JR commented that it was good to see the positive outcome of the DMC audit. He noted the issues identified in relation to James Donovan Court and asked whether this would be revisited. LC explained that out of the three actions raised one was still outstanding and confirmed that having received a limited assurance it was likely that this will be revisited on a future audit plan.</p> <p>IM noted the outcome of the ICT threat and vulnerability audit and noted that he had met with AP and SC in the past to discuss the danger of cyberattacks. He commented that at the time there was a known issue preventing penetration testing and asked whether this had been resolved. SC confirmed that one of the systems we use to create operating forms used by Repairs, First Touch, was using an out-of-date piece of software called Silverlight which was no longer supported by Microsoft. He explained that the plan to upgrade to Aareon's new system, Versaa, had been delayed as we are waiting for support from Aareon. SC confirmed that the use of Silverlight would have been flagged during a penetration test, so we have stopped using it in the development of First Touch forms. He noted that we have now been carrying out development within Versaa which was due to go live on the following weekend. SC explained that we are now intending to schedule a penetration test in conjunction with Publica who will now be overseeing the IT</p>	
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	<p>environment. IM asked whether we knew when the penetration testing would be scheduled. SC explained that Publica normally carry out the testing annually, but that as new government rules will need to be implemented this year, it may impact the process.</p> <p>SC thanked LC and her team for their hard work over the year and for providing the Annual Opinion earlier than previous years.</p> <p>The Committee reviewed the Internal Audit Annual Opinion 2023/24 and recommended it to Board. The Committee noted the audits concluded since the last meeting and commented on their content as necessary.</p>	
<p>6</p>	<p><u>Review and recommend to Board the Water Safety Policy 2024</u></p> <p>VD introduced the Water Safety Policy and explained that there had been no statutory changes since the policy was last reviewed three years ago. She noted that a number of changes have been recommended following recommendations from water safety consultants as laid out in the report.</p> <p>AP noted that issues around the digital storage and accessibility of temperature testing data had been discussed at the last Board meeting and asked whether there were any other concerns. VD confirmed that this was an issue identified during the Pennington Choices review. She explained that we are continuing to store this data using spreadsheets whilst we work with colleagues at CBC to identify a system that can manage the data. VD noted that legionnaire risk is low within our stock and that we had revisited the risk assessment for schemes with communal areas earlier in the year and identified a number of actions, for example the provision of new hatches to access communal water tanks build into loft spaces. She highlighted that we are continuing to work through these issues which are reported quarterly through the Compliance report.</p>	

	<p>IM noted that the accountable person has been named as the Interim Housing Transition Director and asked whether there were plans to review the policy again when the structure changes. VD explained that all property compliance policies are currently under review by CBC. She noted that CBC also have their own water safety policies for non-domestic properties, so it is likely that these policies will be aligned in the future. PJ agreed that water safety is taken very seriously by CBC and rigorous testing has taken place to ensure non-housing stock is well managed. He highlighted that this area would become even stronger as the teams are brought together.</p> <p>The Committee reviewed the draft Water Safety Policy and recommended it to Board.</p>	
<p>7</p>	<p><u>Review effectiveness of the Audit & Risk Committee and refresh Terms of Reference</u></p> <p>JR introduced the effectiveness review of the Committee’s work during the 2023-2024 financial year and noted that, with the exception of the annual risk review to Board, everything had been rated green.</p> <p>AP asked whether the skills matrix review reflected the recent changes to Committee membership. RW explained that the matrix showed the Committee’s skills during the past year, so included the skills of members who have since departed. She noted that if the Committee were continuing a recommendation would have been included to address the loss in skills following this departure.</p> <p>IM commented that he had been concerned when the annual risk review did come to Board in April that the narrative for some of the items were out-of-date. He asked where the Audit & Risk function would sit post-transition to ensure the important scrutiny work would be continued. JR agreed and noted that when speaking to other ALMOs (Arms-Length Management Organisations) and Registered Providers (RPs) there was a wide range of ideas of what</p>	

	<p>an Audit & Risk Committee should be and how I should be managed. He highlighted that the current Committee has improved and strengthened enormously over the last 6 years. PJ confirmed that the new governance structure for housing with CBC is still being finalised. He commented that CBC’s Audit, Compliance and Governance Committee and Overview & Scrutiny Committee cover similar functions to Audit & Risk and would be familiar with several of the reports on the current agenda. PJ noted that both organisations work with Bishop Fleming, SWAP and the Counter-Fraud and Enforcement Unit. He added that these Committees also carry out annual effectiveness reviews and one of the recent recommendations was to appoint independent members, which will be recruited soon. IM commented that he had found at the National Housing Federation’s (NHF) Audit and Risk Conference last year that many Audit & Risk Committees fail to consider the inclusion of tenant voices. He suggested this was an area to consider in light of the expectations set out in the Social Housing White Paper.</p> <p>The Committee considered and provided feedback on the final draft and approved the annual effectiveness review of the Committee. The Committee reviewed the Draft Audit & Risk Committee Terms of Reference and recommended it to Board for approval.</p> <p>SC left the meeting</p>	
<p>8</p>	<p><u>Counter Fraud and Enforcement Unit Update</u></p> <p>EC introduced the report and highlighted that the Counter Fraud and Enforcement Unit (CFEU) are working with other agencies, including the Police and Victim Support, to create a centralised web page. She explained that this will be shared with tenants to advise them how to avoid scams, updates on local fraud matters and explain how to report fraud and get support. EC added that this was being support by funding from the Office of Police and Crime Commissioner (OPCC). She explained that they are also reviewing</p>	

	<p>each piece of work carried out on behalf of CBH to ensure that it continues in the short term with colleagues within CBC and then will consider if there is work that those teams could potentially manage in-house. EC highlighted that the CFEU will continue to manage higher risk areas, such as the right-to-buy checks, referrals on subletting and National Fraud Initiative activity.</p> <p>IM thanked them for the brilliant work carried out. He asked for more detail on the HR case that had been declined by the CFEU. EC explained that a dual referral had been sent to the CFEU and CBH and as CBH officers already had it in hand it had been declined by the CFEU.</p> <p>The Committee considered the report and commented as necessary.</p> <p>AT joined the meeting.</p>	
<p>9</p>	<p><u>Big Six Action Plan</u></p> <p>VD introduced the update on the Bix Six Action Plan and noted that it was 2 years since Pennington Choices had carried out the initial health check. She explained that whilst work is ongoing on the outstanding recommendations, none had been completed since the last report. VD highlighted that the highest risk is currently asbestos management as we are holding over an expired contract. She noted that the current consultant has generally performed well and are responding to the orders and carrying out the surveys that we need. VD explained that the invitation to tender has now been prepared for the analytics element of the asbestos management, but the surveying side is still under review due to a lack of resource at public procurement. She added that we are hopeful it will go live in the next few weeks. VD explained that we are managing the risk that the current consultant may withdraw their services if they fear they will not be successful. She noted there will be a lot of work to get the new contract mobilised, including the creation of a database hosted by the external consultant with portal access for</p>	

	<p>contractors and the generation of abridged survey information for residents in an easily understandable format.</p> <p>JR noted that progress has generally slowed on the recommendations and asked whether this is likely to change or whether the remaining recommendations will intrinsically take a long time to resolve. VD agreed that it is likely the remaining recommendations will take time to complete as the technical and internal audits are extremely resource heavy. She noted that progress is continuing to be made. JR asked whether it is likely that Pennington Choices will be called back in to review our progress. VD commented that Pennington Choices have been commissioned by CBC to carry out training for councillors and have been contacted for advice on compliance systems. She noted that it was unlikely we will carry out a health check again as we would like to carry a more in-depth technical audit of each compliance area individually in a planned programme.</p> <p>IM asked whether the renewed focus on the completion of stock condition surveys is likely to identify more new compliance areas that we will need to resolve. VD noted that the stock condition surveys will not include consideration of asbestos as this will be carried out separately. She explained that this will include 100% management surveys done for domestic areas which may uncover areas that need remediation. VD added that we are not anticipating significant surprises as we have undertaken asbestos surveys across a stratified sample of every property type within our stock.</p> <p>AP asked for further details of the non-compliance of our stock condition surveys. VD explained that it has been good practice to review on a 5 yearly cycle and CBH had been carrying this out before the implementation of the QL system. She noted that we have been updating our data since then, for example when components are replaced, but have not been carrying out surveys on site. VD explained that we had recruited resource to carry out surveys and developed a digital survey form post-implementation</p>	
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	<p>but had made very slow progress. She highlighted that the decision had been made that surveys should be tackled more robustly with the procurement of an external third party. VD noted that this procurement was now complete, but the surveys would take 9 months – a year to carry out.</p> <p>The Committee noted progress made against the ‘Big Six’ Healthcheck Action Plan.</p> <p>LC left the meeting</p>	
<p>10</p>	<p><u>Wellbeing, Safety & Health Update and Compliance Summary</u></p> <p>AT presented the Update and Compliance Summary and explained that we have not yet received the Health & Safety Executive’s (HSE) final report on the gas explosion. He noted that the CEO’s Health, Safety and Welfare Statement has been shared with colleagues. AT highlighted that CBH has successfully achieved our 10th gold RoSPA (Royal Society for the Prevention of Accidents) which means we have been awarded the President’s Award. JR congratulated AT and colleagues for the achievement. IM asked whether this award will be maintained post-transfer. AT commented that he will be discussing this with RoSPA but suspect that as new structures will be introduced, we will not maintain the President’s Award.</p> <p>IM asked for further details of the ratio of opened and closed damp, mould and condensation (DMC) cases, noting that more cases were opened than closed in March. MW explained that we have had more cases opened than closed due to the resources available to tackle for current open cases. He highlighted that we are continuing to take a property risk approach to ensure that the worst cases are flagged appropriately and prioritised. MW explained that during the winter, when a lot of condensation and mould occurs, we have been focused on treating the mould and moving them from very high priority cases to low priority rather than on closing these cases without fuller investigation. He noted that we are continuing to check-in with tenants to ensure that the</p>	

	<p>situation has not worsened, and they are kept informed. MW highlighted that as DMC issues reduce in the summer we will work to close the open cases and this KPI performance will improve. He added that the closure process includes communication with tenants to ensure that they are satisfied with the work, which can take some time. MW highlighted that there the current KPI performance does not represent an increased risk to our tenants due to the mitigations in place. CW commented that she had attended a national perspective on DMC seminar and been reassured that we are following best practice. AT highlighted that the DMC team has also been shortlisted alongside 6 other housing associations for our DMC response.</p> <p>AP asked whether there were any health and safety processes or software that will not be able to continue potentially post-transition. MW explained that technology and systems are still being assessed but that we are anticipating that some of the systems, such as QL, will be maintained post-transfer.</p> <p>JR noted that a near miss with a dislodged scaffold board had been reported and asked whether additional processes had been put in place to prevent this happening again in the future. AT explained that the scaffolding had been erected by contractors and high winds had lifted the board. He noted that luckily it had become lodged on a window ledge, and nobody had been injured. AT confirmed that systems are in place which should have ensured the board was secured and we have trained scaffolding inspectors with check lists to inspect the work. He noted that we are talking to the contractor and repairs manager about their own inspection routines to ensure this issue does not occur again.</p> <p>The Committee noted the information within the report.</p>	
<p>11</p>	<p><u>Corporate Risk Update</u></p> <p>PJ introduced the report and highlighted that the highest scoring risk relates to the housing revenue account (HRA) becoming</p>	

	<p>unviable. He noted that this risk is primarily managed by CBC and that as section 151 officer he holds responsibility for stewardship of the HRA. PJ confirmed that annually an independent section 25 report is issued to estimate the robustness and health of the HRA. He added that whilst the financial outlook for local authorities (LAs) does appear bleak there is comfort from the Bank of England governor's report that the economy is improving. PJ highlighted that we also expect to achieve significant financial savings from the pension contributions given the healthy state of the pension funds. He noted that this and other elements means that this risk score is likely to reduce over the coming months and years. PJ commented that the other significant risk relates to stock condition due to surveys not having been completed in the last 5 years. He noted that this issue will be resolved post-transfer.</p> <p>IM noted that the risk relating to a poor In-Depth Assessment (IDA) by the Regulator of Social Housing (RSH) had reduced both in impact and likelihood and asked for further details. RW explained that she had reviewed all the risks with PL, and they had discussed that the original impact score had reflected that the outcome of a poor IDA could be CBH being taken back in-house, so the impact had been lessened to reflect that this was no longer a concern. She noted that the RSH had confirmed that CBH will not be inspected before the transfer is completed and the likelihood score had been reduced to reflect this.</p> <p>AP noted that the risk on cybersecurity had not changed and asked whether this is likely to reduce once transfer has been completed and CBC is a larger organisation. PJ explained that Cheltenham is likely to always have a high risk of cyberattack due to our commitment to become the cyber capital of the UK and the presence of GCHQ. He highlighted the work carried out by Publica and their dedicated Cyber Team to ensure that we have robust and resilient cyber security. PJ noted that we have also been learning lessons following the attacks on other councils. He added that the risk may be adjusted in the future to expand the focus wider than</p>	
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	<p>cyber security and to consider further activities and potential attacks.</p> <p>The Committee considered and provided feedback on the information provided against Corporate Risks.</p>	
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Meeting Closed at 19:16



Signed.....
Chair of the Audit and Risk Committee
(Digitally signed)

Date: 18/07/2024