

**GROUP AUDIT COMMITTEE**

**MINUTE OF MEETING – Monday 13<sup>th</sup> June 2022**

**Held at 8 New Mart Road, Edinburgh**

**Present:** Caroline Gardner (Chair), Fiona Burden, Bernadette Hewitt and Martin Kelso.

**In attendance:** Anthony Allison (Director of Governance), Martin Armstrong (Group Chief Executive), Ranald Brown (Director of Assurance), Steven Henderson (Group Director of Finance), Pauline Turnock (Director of Financial Reporting), Michael Wilkie (KPMG), Duncan Black (Head of Audit and Inspection, Glasgow City Council – item 4 only), Lorraine McLaren (Managing Director, Lowther Homes – item 7 only) and Lynsey Sneddon (Fire Safety Manager – item 14 only).

**1. Apologies for Absence**

There were no apologies for absence.

**2. Declarations of Interest**

The following interests were declared:

Caroline Gardner – item 6 in relation to a non-executive role held with a prospective bidder

Ranald Brown – item 6 in relation to a spouse holding a senior role with a prospective bidder

KPMG - item 6 in relation to the procurement process for a contract they may bid for in future.

It was agreed that only KPMG's declaration was a clear conflict at this stage and as such they should leave the meeting for item 6.

**3. Minute of previous Audit Committee meeting and matters arising**

**Decided: The Committee approved the minute of 4 February 2022.**

**4. [redacted]**

**5. KPMG Interim Audit Review**

KPMG provided a summary of progress to date with the 2020/21 audit across planning, control evaluation and significant risks.

The Committee were advised that there are regular updates between KPMG and finance, with a hybrid approach being adopted.

It was confirmed that no material issues or concerns have been identified to date.

**Decided: The Committee noted the update.**

[KPMG left the meeting]

## **6. External Audit arrangements**

The proposed approach to the appointment of external auditors for 2022/23 and the subsequent re-tendering of external audit services was set out, including the implications of Wheatley Group Capital PLC being a Public Interest Entity (“PIE”) for maximum auditor terms.

The Committee discussed the proposal to reappoint KPMG for 2022/23 as the second year of their extension and the final year of their current appointment. It was agreed there was no compelling case to change ahead of 2022/23 and that the fees reflected the wider external audit services market.

The Committee reviewed the proposed timeline for retendering, the anticipated level of interest and our risk appetite for appointment. It was explained that our funders have a locus on whom we appoint and that the scale of our group and activities is likely to impact who would seek to submit a tender.

It was noted that the timescales were tight and it was confirmed that this would be communicated to interested parties at an early stage.

**Decided: The Committee**

- 1) agreed, subject to relevant Board approvals, the appointment of KPMG for the 2022/23 audit and agreed the associated fees as set out in the report; and**
- 2) agreed the proposed timetable for the re-procurement of external audit services.**

[KPMG rejoined the meeting]

## **7. Group Assurance update**

[redacted]

The Committee considered the report and reiterated that delivery will require all parties to be clear and committed to the future direction. The Committee were updated on progress with the wider transformation programme, including how we are seeking to drive behaviours that impact culture and the underpinning processes and procedures. The Committee agreed that any future CBG culture audit should be conducted jointly to provide a clearer picture, including staff from CBG and Wheatley Group participating in the interviews.

**Decided: The Committee approved the work-plan for the next period.**

## **8. Group Audit Committee self assessment**

The Committee received an update on the self-assessment findings and the actions being taken to reflect its feedback.

The Committee sought confirmation about how we capture the activities over the year. It was confirmed there is a section in the financial statements which sets out the Committee's key activities and focus for the financial year.

**Decided: The Committee note the contents of this report and agreed the improvement actions.**

## **9. Group Anti-Fraud Annual Report 2021/22**

The Committee received the annual fraud report and the proposed updates to the Group Fraud, Corruption and Bribery Policy and Group Whistleblowing Policy as part of their cyclical reviews.

[redacted]

The Committee discussed the frequency of reporting of incidents and agreed it should remain on a quarterly basis.

**Decided: The Committee noted the report and approved the following revised policies:**

- **Group Fraud, Corruption and Bribery Policy; and**
- **Group Whistleblowing Policy.**

## **10. Internal Audit Quality Assessment 2021/22**

The Committee received a summary of findings of the Internal Audit Quality Assessment for 2021/22 and the proposed approach to an External Quality Assurance review.

The Committee reviewed the prospective providers for the External Quality Review and agreed that recommendation was suitable.

**Decided: The Committee:**

- 1) noted the contents of the report; and**
- 2) approved the appointment of John Cheshire to deliver the External Quality Assurance review.**

## **11. Internal Audit Annual Report and Opinion 2021/22**

The Committee received the Internal Audit Annual Report and Opinion 2021/22. [redacted]

The Committee discussed the level of in-house expertise required for care activity. It was explained that we focus on having a strong understanding of care overall, rather than at a service level, and that this has been effective.

[redacted]

**Decided: The Committee noted and approved the contents of this report, including the Annual Internal Audit opinion detailed in Section 4.**

## 12. Rolling Internal Audit Plan

The rolling Internal Audit plan was set out, including how Internal Audit will work with management to develop routine reporting of the results of compliance checking to senior management and Boards.

**Decided: The Committee approved the workplan for the next period.**

## 13. Risk Management Annual Report 2021/22

The Committee received feedback from the Board risk workshops and how this has been incorporated into revised risk appetite statements and the overarching strategic risk register.

The Committee considered the progress to date with the risk management review more widely and agreed that it was sufficient to recommend to the Group Board the governance review recommendations be considered implemented.

The Committee reviewed the strategic risk register and it was agreed the risk appetite wording on SRR25 be further refined.

**Decided: The Committee**

- 1) Noted the contents of this report; and**
- 2) Recommended the proposed changes to the Strategic Risk Register for approval by the Group Board.**

## 14. Fire Risk Assessment update

The Committee received a detailed update on our current rate of accidental dwelling fires across the Group; Routine Fire Safety Monitoring in our Multi Storey Flats (“MSFs”); and progress with our MSF and Living Well Fire Risk Assessment programme.

The Committee discussed progress with the backlog which arose through the pandemic and sought confirmation no material issues have been identified. It was confirmed that no material issues.

The Committee discussed the potential for further statutory fire safety requirements in future. It was explained that given the fairly recent requirements such as heat and smoke detectors this was not anticipated at this stage.

**Decided: The Committee**

- 1) note the status of Fire Risk Assessments: and**
- 2) note that twice yearly updates will continue to be provided to the Committee.**

**15. AOCB**

There was no other competent business.

**Signature:** .....  
**Chair**

**Date:** .....