

GROUP AUDIT COMMITTEE

**MINUTE OF MEETING – 3 August 2022 10.30am,
Wheatley House, Glasgow**

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

In attendance: Jo Armstrong, (Chair, Wheatley Group), 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 and Kirsten Innes (both KPMG) and Lewis McGregor (Director of IT and Digital Services – item 6 only)

1. In camera session

The Committee members held an in camera session with the internal and external auditors.

2. Apologies for Absence

There were no apologies for absence.

3. Declarations of Interest

There were no declarations of absence.

4. Minute of previous Audit Committee meeting and matters arising

Decided: The Committee approved the minute of 13 June 2022

5. 2021/22 Statutory Accounts

The Committee received a summary of the group and subsidiary financial statements, the key variances from the year-end management accounts and an update on a non-cash adjustment in relation to DGHP.

The Committee discussed the potential implications of rising interest rates on our property valuation. It was explained that no short term risk has been identified based on the discount rate currently applied, but that we will keep this under review.

The Committee received a summary of the KPMG Audit Highlights Memorandum, results of the testing in relation to key risks and the key judgement areas of pensions and valuations.

The Committee discussed the valuation and inflation assumptions, how these have been applied and the work of KPMG and our external pensions advisors validating the assumptions.

It was further explained that the historical accuracy of assumptions and compliance with them in our business planning is taken into consideration.

Decided: The Committee

- 1) **Approved the 2021/22 Group and subsidiary financial statements for presentation to the Group Board**
- 2) **Delegated authority to the Chair and Group Director of Finance to approve any non-material changes to the financial statements**
- 3) **Delegated authority to the Group Director of Finance to finalise non trading entity accounts**
- 4) **Noted KPMG's Draft Audit Highlights Memorandum for the Group.**
- 5) **Approved the Letter of Representation for presentation to the Group Board and (adjusted as appropriate) separately to each subsidiary Board, and note the related letter of comfort from the Group CEO to Group and subsidiary Chairs.**

6. [redacted]

7. Repairs Transformation linked to audit actions (presentation)

The Committee received a presentation on our Repairs Transformation programme, and in particular the progress with recommendations following the last assurance review.

The Committee discussed the importance of the relationship with CBG and the need for a common focus on outcomes for customers. It was explained that the service experience is a key focus of the transformation programme Board, which includes CBG.

The Committee discussed the potential for the Servitor system to enable further improvements, in particular transparency in relation to cancelled and rescheduled appointments.

The Committee acknowledged the progress to date and the need for a strong focus in the coming months to accelerate the delivery of the wider programme.

Decided: The Committee noted the presentation.

8. [redacted]

9. Group Assurance update

The Committee was updated on the outcome of the work completed in the last quarter, in particular the compliance checking advisory review.

The Committee discussed the methodology of the compliance checking advisory review and the balance of resources required to carry out the review and implement the findings. It was confirmed that the first phase identified no resource issues, but this would remain under review throughout future reviews.

Decided: The Committee noted the contents of this report.

10. Rolling Internal Audit Plan

The Committee reviewed the proposed rolling internal audit plan for the next quarter. It was agreed the plan would deliver an appropriate blend of core control reviewed and follow ups to previous reviews.

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

11. Information Governance Policies

The Committee was updated on the minor changes to the policies following a scheduled cyclical review.

The Committee sought confirmation on whether we routinely stored data out with the UK. It was confirmed this was not the case.

Decided: The Committee noted note this report and approve the following revised policies:

- 1) **Group Data Protection Policy;**
- 2) **Group FOI Policy; and**
- 3) **Special Category Data Policy.**

12. Risk Management update

The Committee received the proposed changes following the implementation of the strategic governance review recommendations. It was explained the risks out with our agreed risk appetite reflected the external nature of the drivers of the risks.

The Committee discussed how the risk register is ordered to reflect the quantum of the risks and welcomed the high visibility of risks out with our risk appetite level.

Decided: The Committee

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

13. AOCB

The Committee recognised the significant contribution of retiring member and former Chair Martin Kelso during his tenure on the Committee.

The Committee also acknowledged the outstanding leadership contribution and achievements of Martin Armstrong during his tenure and his strong relationship with the Audit Committee during his tenure.

Signature: **Date:**
Chair