

GROUP AUDIT COMMITTEE

**MINUTE OF MEETING – 2 November 2022 10.30am,
Wheatley House, Glasgow**

Present: Caroline Gardner (Chair), Fiona Burden, Bernadette Hewitt and Alison McLaughlin.

In attendance: Anthony Allison (Group Director of Governance and Business Solutions), Ranald Brown (Director of Assurance), Steven Henderson (Group Chief Executive), Pauline Turnock (Group Director of Finance), Frank McCafferty (Group Director of Repairs and Assets – item 6 only) and John Crooks (Director of Health and Safety and Compliance – item 9 only).

1. Apologies for Absence

There were no apologies for absence.

It was explained that KPMG and Duncan Black would not be in attendance.

2. Declarations of Interest

The interests of Caroline Gardner, as an Independent Non-Executive of the PwC Audit Oversight Body, and Ranald Brown, with a spouse as an Audit Firm Partner, were discussed. It was agreed there was no conflict of interest in relation to item 5 as it related only to the process.

The Committee noted the interests of new member, Alison McLaughlan, would now be added as standing register.

3. Minute of previous Audit Committee meeting and matters arising

Decided: The Committee approved the minute of 3 August 2022

4. Risk Management update

The Committee considered the proposed changes to the Strategic Risk Register for approval by the Group Board. The Committee discussed the risk associated with the potential rent cap, which reflected discussions already held by the Group Board about our range of mitigation options.

The Committee discussed the risk appetite in relation to a fire event and agreed it should be consolidated within one risk at group level with risk appetite set as minimal.

The Committee sought an update on our assessment of the risk in relation to our credit rating. It was explained that this is being closely monitored, including the link to the wider ratings for English providers and the Scottish national rating. It was explained the outcome of the rent cap legislation has the potential to have an adverse impact.

Confirmation was sought on the timescale for fully implementing the care quality framework. It was confirmed this was expected by the end of the calendar year.

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 Board, subject to the consolidation of the fire related risks into a single risk.**

5. External Audit update

The Committee were updated on engagement with KPMG since the last meeting on the agreed 12+12 month extension. It was explained that during these discussions the proposed fee agreed by the Committee had since been revised upwards significantly by KPMG citing additional audit regulatory requirements.

It was explained that based on this change and to ensure we achieve best value for money it was now proposed we proceed with re-tender for external audit now, approaching the market for external audit services effective from the 2022/23 financial year.

The Committee considered the propose revised approach, the expected market conditions based on our requirements, such as being a Public Interest Entity, and how we would manage any transition. The Committee further discussed the price/quality ratio, expectation of our funders, the need to maximise value for money and have certainty. The Committee agreed that under the circumstances full tender was the best option.

Decided: The Committee

- 1) Agreed the approach to re-tendering of external audit services across the Group.**
- 2) Agreed the award criteria and route to market for the proposed re-tender.**

6. Repairs Transformation update

The Committee received a presentation on our Repairs Transformation programme, the areas of focus and the range of actions we are progressing, including relative to the actions arising from the repairs review reported to the Committee in June.

The Committee welcomed the areas of focus, in particular how they reflect feedback from customers on their priorities. The Committee agreed that customer feedback was a key priority in measuring improvements. It was explained that Localz will be an important element of this and that the pilot is focussed on ensuring we know it will operate well and address any testing issues before we roll it out to customers.

It was confirmed that we are focused on ensuring that where we need any additional skills or experience this is taken forward quickly.

Decided: The Committee noted the update.

7. Group Assurance update

The Committee was updated on the delivery of the Internal Audit Annual Plan, including the issues which have impacted the pace of delivery within City Building Glasgow.

[redacted]

The Committee discussed the repairs follow up report and sought confirmation we are progressing with finalising the CFC staff training and reducing the use of manual processes. It was confirmed this was the case and that the manual process was an additional random sampling of repairs rather than a manual core process.

Decided: The Committee noted the contents of the report.

8. Rolling Internal Audit Plan

The Committee considered the proposed rolling internal audit plan for the next quarter. It was agreed that the plan was appropriate and noted it continued the work on compliance mapping.

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

9. Fire prevention and mitigation update

The Committee was updated on the progress with our Multi Storey Flat and Living Well Fire Risk Assessment (“FRA”) programme.

The Committee noted the continued strong focus in this area and reiterated the importance of actions being implemented timeously.

Decided: The Committee noted the status and current progress of fire risk assessments across the Group to include our Living Well and MSFs.

10. AOCB

There was no further business.

Signature: **Date:**
Chair