

WHEATLEY HOUSING GROUP LIMITED

GROUP AUDIT COMMITTEE

MINUTE OF MEETING – FRIDAY 10 MAY 2019

Present: Mike Blyth (Chair), Sheila Gunn, Bernadette Hewitt, Peter Kelly, Martin Kelso, Jo Armstrong and Angela Mitchell

In attendance: Anthony Allison (Director of Governance), Martin Armstrong (Group Chief Executive), Ranald Brown (Director of Assurance), Steven Henderson (Group Director of Finance) and (In Part) Duncan Black (Head of Audit and Inspection, Glasgow City Council) and Andy Shaw (KPMG LLP)

1. Apologies for absence

There were no apologies for absence.

2. Declarations of Interest

The Committee noted the standing declarations of interest. The Committee noted the standing interest of the new member Angela Mitchell, namely as a Partner of Deloitte UK.

It was noted that Andy Shaw (external auditor) was a member of the Scottish Information Commissioner Advisory Board.

3. Minute of previous Audit Committee meeting and matters arising

Decided: The Committee approved the minute of 13 February 2019.

4. City Building Glasgow (CBG) Assurance Update

The Committee received an update on GCC Internal Audit activity within City Building (Glasgow) LLP since the last meeting. The Committee was advised of the key findings and recommendations arising from audits of: Procurement (vehicle fleet); IT General Controls – User Access Management; Financial Governance; and Board Operations.

The Committee further received details of the Internal Audit Opinion for 2018/19.

The Committee discussed the user access control work undertaken, in particular the use of administrator accounts. The Committee received further details of the checks undertaken on the use of administrator accounts and assurance there were no material control weaknesses.

The Committee discussed the IT platforms in place at CBG via Glasgow City Council, how the systems interface with our own and the potential counter party risk.

The Committee discussed the timelines proposed by management to implement recommendations and in particular in relation to IT General Controls. The Committee were advised that the July 19 date was for all the recommendations to be complete but that some were due for implementation earlier.

Decided: The Committee noted the content of the report.

5. Wheatley Group Strategic Risk Register

The Committee discussed the risk register and agreed to recommend the follow changes to the Group Board: decoupling transforming services through technology and cyber security as the same risk; and amendments to the wording of the loan security risk.

The Committee further discussed the scoring criteria more widely and the risk in relation to workforce planning, specifically the external environment and how it might impact recruitment.

Decided: The Committee agreed to recommend to the Group Board the changes to the Group strategic risk register as detailed above.

6. KPMG – Interim Audit Update

The Committee received an update from KPMG on the progress to date with the external audit, the key risks identified and the approach to IT General Controls.

The Committee sought confirmation that KPMG was satisfied with the level of IT General Controls in place and with progress overall. It was confirmed this was the case.

The Committee discussed progress to date and it was confirmed KPMG have now been appointed as external auditor by CBG.

Decided: The Committee noted the update on the 2018/19 external audit.

7. Group Assurance Update Report 2018/19

The Committee received an update on assurance work undertaken since the last meeting.

The Committee discussed the work undertaken in relation to asset growth, with a more detailed explanation provided in relation to how we intend to strengthen the control environment in future in relation to monitoring project costs. It was noted that the creation of the Group Development Committee would also further enhance the control environment.

The Committee discussed the fleet management findings and our approach to fleet management more widely, noting the recent issues in the market in terms of supplier counter party risk.

The Committee discussed the findings from the Customer Service Centre audit and the plans to strengthen the performance framework.

Decided: The Committee noted the content of the report.

8. Annual Internal Audit Report and Assurance Statement 2018/19

The Committee received the annual assurance statement for the year, which confirmed the control environment remains robust. The Committee welcomed the significant level of comfort provided by the statement and the continued focus of management on maintaining a robust control framework.

Decided: The Committee noted the contents of the report along with the overall Annual Audit opinion detailed in section 6 of the report.

9. General Data Protection Regulations and Freedom of Information (Scotland) Act Update

The Committee received a report and presentation with updates on GDPR and our preparations for the extension of the Freedom of Information (Scotland) Act. The Committee were advised that both remained within the context of our overall approach to managing information.

The Committee discussed progress and recognised the resource implications arising from the implementation of our planned changes.

Decided: The Committee noted the progress on responding to the GDPR and FOISA requirements.

10. Group Assurance Update 2019/20

The Committee requested that the Chief Internal Auditor leave the meeting to allow it to be considered in report due to the matter relating, in part, to Internal Audit independence.

The Committee discussed the options for the Performance Management and report analysis review methodology and agreed it should be undertaken wholly externally (Option 2).

The Committee further discussed the proposed changes to the 2019/20 plan, which they agreed were appropriate.

Decided: The Committee:

- 1) Approved the proposed changes to the 2019/20 Internal Audit Plan as set out in section 5 of the report;**
- 2) Agreed that the Performance Management audit be undertaken wholly externally; and**
- 3) Noted the progress to deliver planned improvements to the delivery of Assurance Services.**

11. Policies and Assurance Charter

The Committee considered the updates to the existing policies and Assurance Charter and discussed whistleblowing more widely and the importance of there being a high degree of visibility of the policy.

Decided: The Committee:

- 1) Approved the updates to the:**
 - **Whistleblowing Policy;**
 - **Group Fraud, Corruption and Bribery Policy; and**
 - **Wheatley Group Assurance Charter.**
- 2) Reaffirmed the policies are designated as Group wide policies, applicable to all Group members.**

12. AOCB

There was no other competent business.