

WHEATLEY HOUSING GROUP LIMITED

GROUP AUDIT COMMITTEE

MINUTE OF MEETING – Friday 4 February 2022

HELD BY VIDEOCONFERENCE

Present: Caroline Gardner (Chair), Fiona Burden, Bernadette Hewitt, Martin Kelso 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), Michael Wilkie (KPMG), Michael Wilkie (KPMG) Kirsten Innes (KPMG), Duncan Black (Head of Audit and Inspection, Glasgow City council – item 4 only), John Crooks (Group Health and Safety Lead – item 10 only) and Laura Pluck (Managing Director – Wheatley Care- item 11 only)

1. Apologies for Absence

There were no apologies for absence.

2. Declarations of Interest

The Committee agreed that KPMG attendees were conflicted under part of item 5, audit fees, and as such would be asked to leave the meeting for this element of the item.

3. Minute of previous Audit Committee meeting and matters arising

Decided: The Committee approved the minute of 3 November 2021.

4. [redacted]

5. 2021/22 Statutory Accounts - KPMG audit planning strategy and key accounting estimates and judgements

The Committee was updated on key accounting estimates and judgements, which are unchanged from last year's audit. An update was provided on the current contract position and the proposed fees for the year ahead.

KPMG provided a summary of the proposed audit strategy, including: the approach to materiality; significant risks; PIE implications; and the Committee agreement required in relation to Wheatley Group Capital non-audit services for loan covenant testing.

The Committee sought and update on the planned audit approach in relation to on site engagement. It was confirmed that the intention was to adopt a hybrid approach, with a combination of at least 2 days a week on site and the use of virtual meetings.

KPMG set out to the Committee the rationale behind the proposed fee increases for the audit, including: changes in the group structure; compliance

and quality obligations, including minimum documentation levels required for any entity regardless of size; and the time projected for the audit.

[KPMG left the meeting]

The Committee were updated on benchmarking activity we have undertaken on audit fees for comparable organisations and market conditions more generally. It was confirmed that the original tender was on a fixed fee basis. The Committee discussed the risk associated with seeking to enforce this and the potential for the auditor resigning on the basis of the audit not being financially viable.

The Committee discussed the additional cost, the balance between accepting the cost and additional work which would be required to effect a changeover and that a retender is already planned for next year.

The Committee agreed that we accept the revised fee proposals and requested that an update on the plans for future retendering be brought back to the Committee.

[KPMG rejoined the meeting]

Decided: The Committee:

- 1) approved the KPMG audit planning strategy, including the provision of non-audit work to Wheatley Group Capital PLC for loan covenant compliance; and**
- 2) approved the statement of key estimates and judgements.**

6. Group Assurance Update

[redacted]

The Committee discussed the Fire Risk Assessments review, in particular the priority actions in relation to updating our systems post assessments. It was confirmed that the proposed timescale for doing so was to ensure we have a clear, consistent standard.

The Committee discussed progress with the Wheatley Care financial management recommendations. It was explained that significant progress has been made and that although taking slightly longer than anticipated there are no concerns regarding this.

Decided: The Committee noted the contents of the report.

7. Rolling Internal Audit Plan 2021-22

The Committee received a report detailing the proposed internal audit plan for the next three period.

The Committee reviewed the proposed plan and sought an update on why the planned repairs activity was focussed on complex repairs. It was explained that this was to complement work already underway as part of the repairs transformation programme which covered routine repairs.

The Committee sought an update on our historic compliance with – European Social Fund grant conditions. It was confirmed it has been an area of very strong focus given the grants would be repayable and we have had no issues exhibiting compliance.

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

8. Group Audit role and remit and self assessment approach

The proposed refreshed Terms of Reference and arrangements for future Committee self-assessment were set out. It was explained that we have drawn on well-established practice in developing the self-assessment approach.

The Committee reviewed the Terms of Reference, noting that they were primarily refinements agreed as part of the wider group strategic governance review.

Decided: The Committee

- 1) reviewed the draft revised Committee Terms of Reference and agreed to recommend them to the Group Board for adoption; and**
- 2) agreed the proposed self-assessment process**

9. Risk Management Update

The Committee was provided a summary of the proposed approach to risk management workshops and our proposed response to the strategic governance review recommendations in relation to risk.

The Committee welcomed the proposed alignment with our strategic outcome, but reduce the level of complexity overall, such as removing the combination of by strategic outcome and residual score.

The Committee reiterated that the focus should remain on the quality of discussion and Boards and Committees having the appropriate information to assess risks.

Decided: The Committee

- 1) Approve the proposed approach for Board Risk Appetite Workshops;**
- 2) Noted the current status of risk management actions arising from the strategic governance review ;**
- 3) Noted the proposed approach to future reporting of the Strategic Risk Register; and**
- 4) Agreed to recommend the proposed changes to the Strategic Risk Register for approval by the Group Board.**

10. Fire prevention and mitigation 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 reviewed the update and welcomed the continued focus on fire safety.

Decided: The committee noted

- 1)Our performance on Accidental Dwelling Fires.**
- 2)Our performance on Operational Assurance Visits.**
- 3)Progress with our MSF and Living Well Fire Risk Assessment programme.**

11. Wheatley Care Business Framework

The Committee received a summary of how we apply our framework in managing existing and potential new business.

The Committee discussed the framework, how we learn lessons from tenders and work with partners more widely. It was confirmed that although not explicitly referenced in the framework we do analyse each tender for opportunities to refine future bids. It was further explained that we have a partnership framework within care which sets out in more detail our approach to partnering.

The Committee discussed how we manage commercial risk within care more widely, both in financial and service terms. It was explained that in terms of services we have a wide ranging quality framework underpinned by policies and procedures.

Decided: The Committee noted the care business framework.

12. AOCB

There was no other competent business.

Signature:.....

Chair