

AUDIT AND RISK COMMITTEE
Monday 26 November 2018
17.00
Cornerstone, 2 Edward Street



PRESENT / IN-ATTENDANCE:

Members (Present):

- David Beckett (Chair)
- Jamie Hirst
- Ken Lee

Officers (In-attendance)

- Carmel Chambers, Director of Resources
- Sandra Coleing, Assistant Chief Executive
- Samantha Donigan, Assurance Manager
- Jonathan Kelly, Governance and Scrutiny Officer (minute-taker)
- John Kennedy, Head of Corporate Finance
- Tony Lafferty, Corporate Projects Manager (part)
- Matt Platt, Assets Manager (part)
- Laura Spindlove (PWC)

01	APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST	
	<p>Steve Partridge and Alanna Vine sent their apologies. The Governance and Scrutiny Officer confirmed that the committee was still quorate.</p> <p>Laura Spindlove declared an interest in item 05. It was agreed that she would leave the room for any discussion around the tendering of internal audit.</p>	
02	MINUTES FROM PREVIOUS MEETING 10 09 18 AND ACTION MONITOR	
	The Audit and Risk Committee approved the minutes from the meeting held 10 September 2018. Progress with items in the action monitor was noted.	
03	REVIEW OF FIRE STRATEGY (DECISION)	
	<p>The Asset Manager introduced the report providing a brief overview of the work undertaken to review the Fire Strategy. A demonstration was provided of the new online portal which has been introduced to monitor all fire risks assessments, following the Grenfell Tower tragedy in 2017. Questions were invited. The discussion covered.</p> <ul style="list-style-type: none"> • Tenant involvement – The Committee highlighted the need to be accountable to customers and keep them up to date on progress with fire risk assessments. The Asset Manager explained how customers are provided with regular updates on the outcomes of fire risk assessments, via the Stockport Homes website and electronic notice boards inside high-rise block communal areas. • Development of the portal – The Committee asked if there would be any scope to include a RAG (red, amber and green) rating to the portal, to easily identify areas which need attention. The Assets Manager explained that the system has only recently been introduced and improvements will be considered going forward. 	MP

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	<ul style="list-style-type: none"> • Using the portal in other areas of the business – The Committee commended the portal, highlighting the potential benefits which it will bring. It was asked if the portal could be used to support other services areas. The Assistant Chief Executive explained how Stockport Homes is on a digital journey, and the consideration of bringing more systems like this on board will continue. • Defining the properties most at risk – The Committee suggested that the assessments of risk ratings should be refined as it is simplistic to suggest all high rises are more at risk than non-high rises. The Asset Manager explained how judgements are made on the risk levels of each property based on the information which is available through regular inspections. It was added that there is not a one size fits all for the assessments of fire risks. • Bringing fire risk assessments in house – The Committee asked if the increasing volume of fire risk assessments would mean there is a case for bringing this function in-house. The Assistant Chief Executive highlighted the potential risks of bringing fire risks assessments in house and provided assurance to the Committee that continuing to use external inspectors is the most sensible approach. • Fire Partnership Agreement – The Committee asked whether there were any risks that the revised Partnerships Agreement would cause fire services to be further stretched and subsequently have an impact on Stockport Homes’ services. The Asset Manager assured the Committee that Stockport and Tameside have dedicated fire risk assessment officers and services for Stockport Homes should not be affected. 	
	<p>RESOLVED: The Audit and Risk Committee approved the Fire Strategy 2018 – 2021.</p>	
04	OVERVIEW OF EMERGENCY PLANNING WORK (CONSULTATION)	
	<p>The Corporate Projects Manager and the Asset Manager introduced the presentation which provided an update and assurance to the Committee relating to emergency planning work, following the last update in June 2018. Questions were invited. The discussion covered.</p> <ul style="list-style-type: none"> • Stockport Council and Stockport Homes’ responsibilities – The Committee stressed the importance of dovetailing the responsibilities of Stockport Council and Stockport Homes. The Asset Manager explained that the plan has been shared with Stockport Council and received support. • Escalation levels – Clarity was sought on the point at which emergencies are escalated to Leadership Forum or the on-call managers. The Committee added that escalation to senior management should not always be the default position, as there may be other officers available who would be better informed to make decisions. 	

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	The Assistant Chief Executive highlighted the importance of making the processes as streamlined as possible.	
05	INTERNAL AUDIT UPDATE REPORT (DECISION)	
	<p>The Assurance Manager introduced the report presenting internal audit reports relating to Core Financial Controls, Risk Management and Counter Fraud and a specialist review of Flexible Working Culture and Behaviour. Questions were invited.</p> <p>The Core Financial Controls audit was discussed:</p> <ul style="list-style-type: none"> The Committee was assured that the invoicing procedures are robust. <p>The Risk Management and Counter Fraud audit was discussed. The following points were raised.</p> <ul style="list-style-type: none"> Fraud awareness was considered a low risk. However, it was explained that basic level fraud awareness will be rolled out to all staff. The possibility of reviewing the Whistleblowing Policy was discussed. <p>The Flexible Working Culture and Behaviour audit was discussed. The following points were raised.</p> <ul style="list-style-type: none"> The positive impact on culture which the move to Cornerstone has had was noted. The Committee asked if the impact of flexible working and the amount of flexible working requests was quantifiable. The Assistant Chief Executive explained that a report will be brought to SHG Board which will identify the realisation of the benefits the office move and flexible working have provided. <p>Laura Spindlove left the room so the Assurance Manager could provide an update on the tendering of internal audit. The Assurance Manager explained how this occasion was the first time the new framework system had been used. It was added that the value of the contract meant it was over the OJEU limit. It was asked whether internal audit could be brought in house. The Assurance Manager highlighted the difficulty this would pose in ensuring a true independent view of internal services.</p>	SD
	RESOLVED: The Audit and Risk Committee noted the contents of the reports and approved the management actions proposed.	
06	GROUP RISK UPDATE REPORT : QUARTER TWO 2018-19 (DECISION)	
	<p>The Assurance Manager introduced the report, providing an update on risk control actions due, across the suite of group risk registers, to be delivered in quarter two of 2018-19. Questions were invited. The discussion covered:</p> <ul style="list-style-type: none"> Communication with the Information Commissioner's Officer (ICO) – The Committee asked for an update on the Section 55 data breach, adding that this has been ongoing for some time. The Assurance Manager explained the delay was believed to be due to capacity within the ICO office, and stressed that there is no cause for concern at this 	

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	<p>stage. The Committee also queried the witness statement, which the ICO requested from SHG. The Assurance Manager explained how this was a standard submission as opposed to anything unusual.</p> <ul style="list-style-type: none"> • Risk Registers – The Committee discussed the risk registers and asked for clarity about the risks which will be included in this as the Stockport Homes Group diversifies. The Assurance Manager explained how PWC check Stockport Homes’ register against similar organisations, to ensure that no important risks are missed. 	
	<p>RESOLVED: The Audit and Risk Committee:</p> <ol style="list-style-type: none"> Approved the progress against delivery of risk control actions across the Group risk registers. Approved that three actions within the Corporate Risk Register are no longer monitored. Approved the addition of an action to the Three Sixty Risk Register. Noted the information provided in relation to the Sector Risk Profile Report 2018. 	
07	TREASURY MANAGEMENT 2018/19 – MID YEAR PERFORMANCE REPORT (DECISION)	
	<p>The Head of Corporate Finance introduced the report providing an update and review on the performance of the treasury management function during 2018-19. Questions were invited. The discussion covered:</p> <ul style="list-style-type: none"> • Cash flow forecasting – The Committee discussed the presentation of various options of stress tested models and the benefits of showing the worst case scenario for prudence. The Director of Resources agreed that the Finance Team would consider the versions presented going forward in this light. 	JKEN
	<p>RESOLVED: The Audit and Risk Committee noted the contents of the Treasury Management 2018-19 Mid-Year Performance Report.</p>	
08	STOCKPORT HOMES GROUP ABBREVIATED MANAGEMENT ACCOUNTS TO SEPTEMBER 2018 (INFORMATION)	
	<p>The Head of Corporate Finance introduced the report providing an update on the Group’s financial performance in the current financial year, to September 2018. Questions were invited. The discussion covered:</p> <ul style="list-style-type: none"> • CIS tax query – The Committee asked for an update on the CIS tax query, which has been ongoing for some time. The Head of Corporate Finance highlighted how staffing changes in HMRC have delayed its consideration of the case but a response is expected soon. It was added that the cash which HMRC is holding is not preventing Stockport Homes from engaging in any investments or impacting services to customers at this time If an invest to save option was identified for this money a report would come back to the Group. • Employment budgeting costs – The Committee highlighted how the employment budgeting has a pattern of coming in under budget. The 	

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	<p>Director of Resources confirmed this wasn't because Managers were holding vacancies. The Head of Corporate Finance confirmed it is something the team are seeking to address with Managers forecasting during Budget setting for 2019/20.</p> <ul style="list-style-type: none"> • Voids overspend – The Committee asked for further context around why overspends on voids are higher than expected. The Head of Corporate Finance explained overspends are largely explained by voids requiring higher repair costs than forecasted. He added that going forward, taking a longer term outlook when setting the budget would hopefully go some way to identifying trends and predictive analysis. • Void contractors - The Committee highlighted the problem with using just one contractor for voids. This could lead to a poorer quality of service. 	
	RESOLVED: The Audit and Risk Committee noted the Management Accounts Report to September 2018 and the successful outcomes from managing budgets effectively.	
09	FORWARD PLAN (INFORMATION)	
	The Governance and Scrutiny Officer introduced the Audit and Risk Committee meeting dates and agenda items for 2019. No questions were asked.	