



PRESENT / IN-ATTENDANCE:

Members (Present):

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

Observers:

- Robin Burman
- Allan Mandindi

Officers (In-attendance)

- Carmel Chambers, Director of Resources
- Sandra Coleing, Assistant Chief Executive
- Samantha Donigan, Assurance Manager
- John Kennedy, Head of Corporate Finance
- Callum Rimmer, Governance and Scrutiny Officer
- Jason Tighe, Head of Maintenance and Commercial Services (item 10)

- Jane Forbes, PWC
- Richard Graham, Beever and Struthers (item 3)

01	APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST	
	Steve Partridge sent his apologies. Jane Forbes (PWC) declared an interest in item 04. It was agreed that she would leave the room for any discussion around the tendering of internal audit.	
02	MINUTES FROM PREVIOUS MEETING 26 11 18 AND ACTION MONITOR	
	The Audit and Risk Committee approved the minutes from the meeting held 26 November 2018. Progress with items in the action monitor was noted.	
03	EXTERNAL AUDIT SCOPE (DECISION)	
	Richard Graham (Beever and Struthers) highlighted the key issues to the Committee and invited questions: <ul style="list-style-type: none"> • The Committee was assured that entering into the third year working with Beever and Struthers lessons have been learnt and this is a continuous process. • The Committee was assured that the external audit team allocated to Stockport Homes is staffed to address any issues that could arise. • It was agreed to ask for a detailed response from Beever and Struthers regarding the increase in audit fees. 	CC/JK
	RESOLVED: The Audit and Risk Committee approved the External Audit Scope.	
04	RETENDER OF INTERNAL AUDIT CONTRACT (DECISION) (CONFIDENTIAL)	
	Jane Forbes (PWC) left the room for this item. The Assurance Manager introduced the report and invited the Committee to ask questions:	

	<ul style="list-style-type: none"> The Assurance Manager confirmed that the contract is for 3 year contract, with the option to extend for 2 years. The Committee was assured that during the selection process, thorough consideration had been given to ensuring that, if PWC were appointed, their objectivity and independence would continue. 	
	RESOLVED: The Audit and Risk Committee noted the outcome of the retender process.	
05	INTERNAL AUDIT UPDATE REPORT (DECISION)	
	<p>Jane Forbes (PWC) introduced the Progress Report and invited the committee to ask questions:</p> <ul style="list-style-type: none"> The Committee noted the Progress Report. <p>Jane Forbes (PWC) introduced the Follow-up Report and invited the Committee to ask questions:</p> <ul style="list-style-type: none"> The Committee was assured that the risk which was identified in relation to probation periods was addressed promptly. However, the Assurance Manager explained that getting the Probation Policy updated and approved had taken longer than envisaged and was the reason for the deadline extension. 	
	RESOLVED: The Audit and Risk Committee noted the contents of the reports and approved the extension to the delivery date for one action (from the Follow Up work).	
06	INTERNAL AUDIT PLAN 2019/22 - PRESENTATION (CONSULTATION)	
	<p>Jane Forbes (PWC) delivered a presentation regarding the core aspects of PWC's service to Stockport Homes and invited the Committee to ask questions:</p> <ul style="list-style-type: none"> It was explained that knowledge sharing events would consist of: sharing best practice from common audits and discussing 'topics of interest' amongst different client organisations. Jane Forbes (PWC) agreed to explore the possibility of holding a similar event for non-executives. <p>Jane Forbes (PWC) delivered a presentation regarding the Internal Audit Plan for 2019/22 and invited the Committee to ask questions:</p> <ul style="list-style-type: none"> The Assurance Manager confirmed that the final Internal Audit Plan for 2019/22 would be brought to the Audit and Risk Committee for approval on 3 June 2019. The Assistant Chief Executive explained that an update on the effectiveness of the new CRM system will be brought to the Audit and Risk Committee or the Operations Committee although this would not be an internal audit. 	<p>JF</p> <p>SCo</p>

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	<ul style="list-style-type: none"> • The Committee highlighted that the internal audit topic areas should reflect where there is potential risk within the organisation. It was agreed to delay the review of 'absence management' as the Committee collectively agreed this was not currently a high risk area. • The Assurance Manager confirmed that understanding of equality and diversity at board level, can be included in the scope for the E&D internal audit. • The Committee asked about the work PWC would be undertaking in relation to the new regulation of SHG once 1000 properties is reached. PWC explained that they have worked with a lot of Registered Providers in relation to Regulatory requirements. PWC also noted their involvement with the Regulator via secondment. The Assistant Chief Executive confirmed that preparative work is being carried out to manage the risk and PWC would be able to review this works as part of the audit process. 	<p style="text-align: center;">SD</p> <p style="text-align: center;">SD</p>
07	GROUP BUDGET 2019/20 (DECISION)	
	<p>The Head of Corporate Finance introduced the Group Budget for 2019/20 and invited the Committee to ask questions:</p> <ul style="list-style-type: none"> • The Committee noted that the Viaduct Budget was due to be considered in the Viaduct Board Meeting (26 February 2019), following the Audit and Risk Committee Meeting. • The Head of Corporate Finance confirmed the Carecall Team is proposing a Transformative Model¹. Although this is not included in the 2019/20 budget, this is expected to return short and long term benefits for SMBC and Stockport Homes. • The Head of Corporate Finance explained the additional income budgeted for water collection is based on the new rates, but there will also be promotion of water meters. • The Director of Resources agreed to clarify a question around the Homelessness Grants, and if we don't use the full allocation how this affects support for the homeless community we are able to offer. • It was agreed to circulate the information regarding void increases to Alanna Vine. • It was noted that the Three Sixty element of the Group budget includes all monies relating to the company, whereas its business plan focuses on growth areas and the projections of the construction services elements. • The Assistant Chief Executive assured the Board that the new telephony system was a joint procurement exercise and that the SMBC and the Stockport Homes contact centres remain separate. 	<p style="text-align: center;">SW/JK</p> <p style="text-align: center;">CR</p>

¹ The transformative model aims to achieve these benefits through the winding down of the existing Adult Social Care contract which would not take on any more new customers. Instead, all new customers would receive a universal offer, regardless of the route by which they access the service. This would make the service accessible to everybody at the point of need.

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	<ul style="list-style-type: none"> • The Head of Corporate Finance agreed that underspends on utilities aren't necessarily an "efficiency", they could be a fortuitous saving from over-estimating the utility forecast. The Head of Corporate Finance would ask the Performance Team to consider how these are shown and defined in the efficiencies log. • The Committee was assured that long-term admin efficiencies are not the primary reason for introducing a new Gas Tag system and that wording for the final Board Budget report would be updated. • The Head of Corporate Finance agreed to make the report clearer when representing income and costs in the same section of the tables per Directorate for the full Board report. • The Director of Resources confirmed that Stockport Homes may require an increase to the loan facility from SMBC. It was explained that Stockport Homes and the Borough Treasurer would have to meet and this will be picked up as part of the new Development Strategy. • The Governance Manager agreed to circulate an email regarding the new format of the budget report, asking for the views of Board Members. 	<p>JK</p> <p>RL/JK</p> <p>JK</p> <p>JK</p>
	<p>RESOLVED: The Audit and Risk Committee approved the Stockport Homes Group Budget for 2019/20. This will be subject to Stockport Homes Group Board approval on 18 March 2019.</p>	
<p>08</p>	<p>GROUP RISK UPDATE REPORT : QUARTER THREE 2018-19 (DECISION)</p>	
	<p>The Assurance Manager introduced the report and invited the Committee to ask questions:</p> <ul style="list-style-type: none"> • The Assurance Manager confirmed that Stockport Homes' risk registers will be going to the Stockport Homes Group Board (18 March 2019) for approval. • The Assurance Manager explained that an amendment to a risk and its control actions in the Three Sixty Risk Register expands an existing risk to incorporate suppliers as well as subcontractors, rather than adding a new risk to the register. • The Head of Corporate Finance gave a verbal update regarding the CIS tax query. The outcome is that £33,000 is payable. There is also a suspended penalty of £58,000, but provided the tax payable is settled the fine will not be levied. The Head of Corporate Finance assured the Committee that Stockport Homes does not anticipate any further action being taken. 	
	<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 the removal of one risk from the Corporate Risk Register Approved the amendment to the risk rating for the Brexit risk and the addition of a new risk control action Approved the amendment to a risk and control actions within the Three Sixty Risk Register Noted the information provided in relation to the development of the Group Risk Registers for 2019-20. 	

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09	BREXIT AND STOCKPORT HOMES GROUP (CONSULTATION)	
	<p>The Assurance Manager introduced the report and invited the Committee to ask questions:</p> <ul style="list-style-type: none"> • The Committee commended the report for being helpful and informative. • The Assurance Manager assured the Board that the Human Resources Team will work with individuals throughout Stockport Homes Group, who may be affected by Brexit. • The Governance and Scrutiny Officer agreed to make the report available on Team Engine for all Board Members, including subsidiaries. 	CR
	RESOLVED: The Audit and Risk Committee discussed the report and noted the information it contained.	
10	THREE SIXTY BUSINESS PLAN 2019-24 (DECISION)	
	<p>The Head of Maintenance and Commercial Services introduced the Three Sixty Business Plan and invited the Committee to ask questions:</p> <ul style="list-style-type: none"> • The Head of Maintenance and Commercial Services explained that a 'decision to bid' system will be put in place, which will assist the decision making process when selecting work. • The Committee was assured that lessons have been learnt since the incorporation of Three Sixty. The Head of Maintenance and Commercial Services explained the forecasted figures are conservative estimates and the current Three Sixty team will enable the organisation to grow. • The Head of Maintenance and Commercial Services explained that all new Repairs 1st vacancies are being advertised with Three Sixty terms and conditions. It was noted that when Repairs 1st operatives complete work for Three Sixty, the cost can be recharged with a small margin. 	
	<p>RESOLVED: The Audit and Risk Committee:</p> <p>i. Discussed and agreed the plan for Three Sixty.</p>	
11	STOCKPORT HOMES GROUP ABBREVIATED MANAGEMENT ACCOUNTS TO DECEMBER 2018 (INFORMATION)	
	<p>The Head of Corporate Finance introduced the report and invited the Committee to ask questions :</p> <ul style="list-style-type: none"> • The Committee expressed that the information relating to new builds could be clearer in relation to the yearly budget and the overall project budget. The Head of Corporate Finance agreed to revisit the format. • The Governance Manager agreed to circulate an email regarding the new format of the management accounts report, asking for the views of Board Members. 	JK JBe

	RESOLVED: The Audit and Risk Committee noted the Management Accounts to December 2018 and the successful outcomes from managing budgets effectively.	
12	AUDIT AND RISK UPDATE REPORT (INFORMATION)	
	The Governance and Scrutiny Officer introduced the report and invited the Committee to ask questions: <ul style="list-style-type: none"> • The Committee noted the contents of the report. 	
13	FORWARD PLAN (INFORMATION)	
	The Governance and Scrutiny Officer introduced the Forward Plan and invited the Committee to ask questions: <ul style="list-style-type: none"> • The Committee noted the Forward Plan. 	

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