

**WHEATLEY HOUSING GROUP LIMITED****GROUP AUDIT COMMITTEE****MINUTE OF MEETING – 18 August 2023 10.30am,****Wheatley House, Glasgow**

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

**In attendance:** Jo Armstrong (Group Chair), Anthony Allison (Group Director of Governance and Business Solutions), Lyndsay Brown (Director of Financial Reporting), Ranald Brown (Director of Assurance), Steven Henderson (Group Chief Executive), Pauline Turnock (Group Director of Finance), Michael Wilkie (KPMG) and Lewis McGregor (Director of IT and Digital Services – agenda item 9 only)

**1. Private meeting – Committee members and external and internal auditors**

The Committee members held an in-camera meeting with the external and internal auditors.

**2. Apologies for Absence**

Apologies were received from Derek Treanor.

**3. Declarations of Interest**

There were no declarations of interest.

**4. Minute of previous Audit Committee meeting and matters arising**

**Decided: The Committee approved the minute of 3 May 2023.**

**5. Risk Management Update**

The Committee were provided with an overview of the risk management activity completed during 2022/23.

The Committee were updated on each of the risks outwith the agreed risk appetite. The Committee discussed the nature of some risks, such as [redacted], where the level of mitigation available is limited relative to our risk appetite. The Committee recognised with such risks our focus needed to be on maximising and monitoring the nature of the risk.

The Committee discussed the risk associated with damp and mould and it was agreed we further consider the impact score of the risk to reflect the multi-faceted nature of the risk. It was reiterated to the Committee that treating damp and mould remains a key priority for us.

The Committee discussed the risks in relation to sustainability, including the national policy targets, link to climate change and fuel poverty. It was agreed such risks remain under close review.

**Decided: The Committee noted the report and recommended the proposed changes to the Strategic Risk Register for approval by the Board.**

## **6. 2022/23 Statutory Accounts**

The Committee received the final 2022/23 financial results for the group, 2022/23 subsidiary financial statements together with the KPMG Audit Highlights memorandum and letters of representation to the auditors.

The Committee discussed the valuation changes from the prior year, the new build valuation and the adjustments for non-recurring items. It was explained that there was a carve-out to reflect the exceptional nature of some spending and the post-pandemic investment profile.

The Committee discussed the pension valuation change from the previous year. It was explained that the pension valuation is an area which is prone to fluctuation and no specific risk has been identified relating to the change in the past year.

The Committee discussed the disclosures in relation to senior management emoluments and it was agreed they reflected the need for transparency and our reporting approach.

The Committee received feedback from KPMG on their progress to date. The Committee sought confirmation that no issues were outstanding which could impact the timing of the financial statements being finalised. It was confirmed this was not the case.

**Decided: The Committee**

- 1) Approved the 2022/23 Group and subsidiary financial statements presented to the Group Board;**
- 2) Delegated authority to the Chair and Group Director of Finance to approve any non-material changes to the financial statements;**
- 3) Delegated authority to the Group Director of Finance to finalise non trading entity accounts;**
- 4) Noted KPMG's Draft Audit Highlights Memorandum for the Group; and**
- 5) Approved the Letter of Representation and noted the related letter of comfort from the Group CEO to Group and subsidiary Chairs.**

## **7. [redacted]**

## **8. Group Assurance Update**

The Committee were provided with an update on the delivery of the Internal Audit Plan and the two recent whistleblowing allegations.

The Committee discussed the findings from the My Academy review and was updated on the steps already taken to improve areas such as clarifying mandatory training requirements and plans to improve management information.

The Committee discussed the review of our new build securitisation and the need to ensure our controls and processes have evolved to reflect our way of working post-pandemic. It was explained that we are changing the wider structure of the development team which will bring clearer lines of responsibility to such processes.

[redacted]

The Committee were updated on a data breach and the lessons learned and actions we are taking in response. It was agreed the Committee receive an update on their implementation at its first meeting in 2024.

The Committee reviewed the overdue actions and proposed revised dates. It was confirmed the Group Executive team is closely monitoring the actions and damp and mould more widely.

**Decided: The Committee**

**1) Noted the contents of this report; and**

**2) Considered the establishment of a CBG Audit Sub Committee and agreed this may be recommended to the Group Board for formal agreement.**

9. [redacted]

#### 10. **Group Digital and Technology Assurance Framework**

The Committee were provided with a report on the Group Digital and Technology Assurance Framework noting that this builds on the previous Technology and Assurance Framework.

The Committee noted the proposed digital and technology-related risk areas for focus. It was agreed the plan would remain flexible to ensure that reviews were undertaken at the most appropriate time.

**Decided: The Committee approved the digital and technology internal audit plan and, noting the need for ongoing flexibility, the proposed reviews for the next period.**

#### 11. **Rolling Internal Audit Plan**

The Committee were provided with the 12-month rolling internal audit plan, the proposed reviews for the next period and a summary of the key changes within the International Internal Audit Standard Board's proposed "Global Internal Audit Standards".

The Committee reviewed the plan which set out how the Internal Audit team proposes to focus available audit time during the coming period. The Committee recognised the plan would remain flexible and may need to adapt to reflect the available capacity.

The Committee discussed the proposed changes to the Global Internal Audit Standards following a consultation exercise by the International Institute of Internal Auditing

**Decided: The Committee:**

- 1) noted the contents of this paper, and**
- 2) approved the 12-month rolling internal audit plan, and the proposed reviews for the next period.**

## **12. FRC Guidance Update**

The Committee were provided with a paper which detailed how the Group complies with the proposed good practice outlined in the Financial Reporting Council's ("FRC's") "*Audit Committees and the External Audit: Minimum Standard*".

The Committee assessed the extent to which the Group is compliant with the requirements outlined in the Standard. The Committee noted that the assessment identified some improvement opportunities which management has identified actions to address.

**Decided: The Committee:**

- 1) noted the contents of the report, and**
- 2) agreed the improvement actions.**

## **14. AOCB**

There was no other competent business.

**Signature:** ..... **Date:** .....  
**Chair**