

**Report to:** Management Committee 15<sup>th</sup> August 2019

**Prepared by:** Marion Menabney, Chief Executive

**Subject:** Regulatory Standards Assurance

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### **1. Introduction**

The purpose of this report is to inform Committee on the Association's position on Assurance, and seek members' approval on the proposed Assurance Statement.

### **2. Background and Context**

In April 2019, the Scottish Housing Regulator introduced a requirement for Registered Social Landlords to produce an annual statement of Assurance that the organisation is compliant with the *Regulatory Standards of Governance and Financial Management*. This Statement must be signed by the Association's Chair and submitted to the Regulator by 31<sup>st</sup> October.

An extract from SFHA's recently issued toolkit states:

*'The Annual Assurance Statement, or self-assurance process undertaken, is not intended to demonstrate that the governing body/committee guarantee everything is perfect. Instead, the aim is that governing bodies are confident that appropriate systems, evidence, relationships and channels of communication are in place. In addition, producing the Annual Assurance Statement will ensure governing bodies/committees are as well informed as they can be about how the organisation is performing, and if a significant problem were to arise it would be identified and addressed.'*

### **3. Yorkhill HA's Approach to Assurance**

In recent years, the Association has established an ongoing programme of self-assessment against the Standards, with areas of weakness identified and addressed. This assessment process has also assisted the organisation to improve in activities that were already compliant, but were appropriate for review.

Since December 2018, Standards 1 to 6 have been discussed by full Committee and where appropriate, the relevant sub-committee. Standard 7, introduced in April 2019, is not applicable to Yorkhill Housing Association.

A matrix has been established for each standard to detail the relevant related activities and for Assurance purposes, an evidence column to record the actual evidence references for external validation if required.

Reporting procedures have been adapted to make the links between business activities and the standards are clearer.

Yorkhill Housing Association is currently fully compliant pending approval of the actions proposed below. On completion of these, members will receive a full compliance report at the October meeting along with the Assurance Statement to be approved by Committee and signed by the Chair.

*Outstanding issues:*

**Standard 1.2** Standing Orders – to be updated and presented to Committee for approval in September

**Standard 2.1** Publication Scheme – issued this week by SFHA and Information Commissioner, the Association requires to review and update the current scheme. The revised scheme will be presented to Committee for approval in October

**Standard 4.5** Internal Audit – the Audit plan is being presented to Committee for approval at the August meeting. Committee should also agree on its internal audit representatives in the absence of a designated sub-committee. It is recommended that one member from each sub-committee take this role.

**Standard 6.7** Appraisal of Chief Executive – it is recommended that this is undertaken before the end of September. Arrangements will be made for members wishing to undergo external training.

The proposed Assurance Statement is attached as Appendix 1 and is compatible with relevant sections of the toolkit.

*'Whilst this toolkit is not a guide on how to complete your Annual Assurance Statement (further guidance will follow in this regard), we have outlined some further considerations to take into account once you have gathered your evidence and come to agree your statement:*

- *Format - the SHR has not provided any template wording for the Annual Assurance Statement, to allow each organisation some flexibility in how they wish to present their statement. Many organisations are considering including additional caveats to add context to the statement, such as "to the best of our knowledge."*
- *Length – there is no requirement to submit a lengthy statement. In fact, it is possible that your statement will be one sheet of A4, particularly if you are stating that you comply.*

- *Materiality – the process we have identified in this guidance through the toolkit provided will inevitably mean you will identify areas for improvement that should form the basis of an action plan. However, in most cases the actions identified will not be material and will not require notification to the SHR as part of your Annual Assurance Statement. It is important to note that the most crucial aspect of self-assurance is recognising areas for improvement and how they can be achieved – irrespective of which of these (if any) you are required to notify to the SHR.'*

#### **4. SFHA Guidance**

The Self Assurance toolkit was issued on 31<sup>st</sup> July, jointly produced by SFHA and SHR.

As the document is 100 pages long, it is not proposed to print paper copies. Electronic versions have been emailed to members.

It is recommended the Governance and Finance Sub Committee are authorised to review the document in appropriate stages and make relevant proposals to Committee about the Association's approach to Assurance in the future.

#### **5. Recommendations**

Committee members are requested to consider and approve:

- proposed actions in respect of standards 1.2 , 2.1 , 4.5 and 6.7 as outlined in section 3 of this report.
  - the draft Assurance Statement as presented in Appendix 1
  - delegating authority to the Governance and Finance sub-committee as proposed in section 4 of this report
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