

Board Paper

Subject:

Finance, Risk and Audit Committee Chair's 2025 Report
to the ARB Board

Board meeting:

12 May 2026

Agenda item:

12

Action:

- For noting
- For discussion
- For decision

Purpose

To discuss the Finance, Risk and Audit Committee Chair's 2025 Report to the ARB Board.

Recommendations

The Board is asked to discuss the report from the Chair of the Finance, Risk and Audit Committee which covers the period 17 September to 31 December 2025.

Annexes

Annexe A – Finance, Risk and Audit Committee's Plan of Work for 2025-2026

Author/Key Contact

Cindy Leslie, Chair, Finance, Risk and Audit Committee

1. Open Session

2. Background and Key points

- 2.1. At its meeting on 21 May 2025, following a financial governance review, the Board agreed to dissolve its Audit and Risk Assurance Committee with effect from 30 June 2025.
- 2.2. The Audit and Risk Assurance Committee had fulfilled its responsibilities under its Terms of Reference up to that point, including reviewing the Annual Report and Financial Statements for 2024 before these were considered and approved by the Board at its meeting on 21 May 2025.
- 2.3. The Audit and Risk Assurance Committee was replaced with a new Finance, Risk and Audit Committee (FRAC). FRAC became effective with new Terms of Reference on 1 July 2025.
- 2.4. At the Board meeting on 21 May 2025, it was also agreed that four Board members be appointed as members of the FRAC. It was additionally agreed that two independent, external members should be recruited and appointed to the Committee as a priority.
- 2.5. Further to an open recruitment campaign, one independent, external member was appointed to the FRAC with effect from 16 September 2025 and a second was appointed with effect from 17 October 2025.
- 2.6. Noting that the FRAC has only been operating for a short period of time, and so that we can regularise the process of the Committee Chair reporting annually to the Board, this specific report only refers to the period covering 17 September to 31 December 2025. Future reports will cover full calendar years, e.g., in the first part of 2027, the Committee Chair will report on the period covering 1 January to 31 December 2026.

2.7. **Committee Members**

The Membership of the Committee from 17 September 2025 has been as follows:

Cindy Leslie, Lay Board Member, Chair

Caroline Turnbull-Hall, Lay Board Member

Elena Marco, Architect Board Member

Will Freeman, Architect Board Member

Zelda Hansson, Independent, External Member

Martin Veale joined the Committee as the additional independent, external member from 17 October 2025.

2.8. Committee Meetings

The Committee held two meetings between 17 September and 31 December 2025 on:

- 17 September 2025
- 20 November 2025

2.9. The Committee was provided with opportunities to meet in private, as well as in private with ARB's internal and external auditors at its meeting on 20 November 2025.

Attendees

2.10. Representatives from TIAA, ARB's current internal audit firm, attended the whole of the first meeting on 17 September 2025. Representatives from TIAA and HW Fisher, ARB's external auditors, attended the second meeting on 20 November 2025. Representatives from ARB's investment brokers, Rathbones, additionally joined the meeting on 20 November 2025 for the relevant item.

Terms of Reference

2.11. A full mapping exercise of the Committee's activities against the Terms of Reference will be undertaken in early 2027 to assist in the preparation of the 2026 Chair's report to the Board. Noting that it was only able to meet twice in late 2025, the Committee will continue to pick up a number of its activities under the Terms of Reference during 2026.

Chair's Activity

2.12. The Chair of the Committee will continue to be a part of the Ministry for Housing, Communities and Local Government's (MHCLG) Audit and Risk Assurance Arms Length Bodies Chairs Forum. There have been no meetings of the group recently due to MHCLG vacancies. When these meetings resume, the Chair will attend or ask another member of the Committee to attend in their place where appropriate.

Regular Reporting to the ARB Board

2.13. The FRAC has updated the Board on its activities through its minutes and through relevant verbal feedback provided by the Chair of the Committee at Board meetings.

Internal Audit

- 2.14. ARB's internal audit firm, TIAA, provided a Summary Internal Controls Assurance (SICA) Report at each meeting; these reports also contained important updates, briefings and insights into relevant topics. These updates were made available to Committee members as well as to the Executive as appropriate.
- 2.15. Internal Audits undertaken during 2025 included, and were rated, as follows:

Accreditation Methodology – Visits

Reasonable Assurance

Post Implementation Review (ICT/Digital Programme)

Substantial Assurance

Financial Reporting

Substantial Assurance

Data Assurance, Security and Integrity

Reasonable Assurance – reviewed at the Committee's meeting of 21 April 2026

- 2.16. For context, the Internal Audit definition of Substantial Assurance is 'there is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved'. The definition of Reasonable Assurance is 'the system of internal controls is generally adequate and operating effectively, but some improvements are required to ensure that risks are managed and process objectives achieved.'
- 2.17. Picking up the work in this area from the former Audit and Risk Assurance Committee, FRAC is continuing to review the reports produced by the Internal Auditors as part of ARB's Risk Management Framework, to track the progress of recommendations and actions arising from Internal Audit findings, and to hold the Executive to account where actions are delayed.
- 2.18. The Committee has signed off the programme of work for the Internal Auditors for 2026 and will keep this under review.

External Audit

- 2.19. The Board received the Annual Report and Financial Statements 2024 once the Audit and Risk Assurance Committee had reviewed and discussed them with the External Auditors, HW Fisher, in Spring 2025. As noted above, the FRAC has had opportunities to start engaging with the External Auditors. The Committee held more in-depth discussions with the Auditors as part of its April 2026 meeting, when it reviewed the Annual Report and Financial Statements for 2025.

Risk

- 2.20. FRAC received updates on the Executive's assessment of the current and emerging risks at both its meetings in late 2025. The relevant papers included a Risk Overview, ARB's organisation Risk Register, Path to Target for Risk Headings Outside of Appetite and ARB's Risk Framework and Appetite. Where applicable, relevant Subject Matter Experts from across the organisation attended to provide assurance, along with the assurance provided by the Executive to the Committee that risks are being managed appropriately.
- 2.21. The Committee is continuing, with support from the Executive, to alert the Board to new or increased risks faced by the organisation.

Finance

- 2.22. In line with the new Terms of Reference, the Committee supports the Board in its oversight responsibilities regarding the organisation's financial management. From its inception, the Committee has received a Report from the Director of Performance and Planning which has included historical financial data, modelling and assumption information, and the organisation's management accounts and year end forecasts, and has provided feedback to the Executive in relation to all these matters.
- 2.23. The Committee was able to review relevant information, seek relevant assurances and provide feedback to the Board regarding forecasts and the 2026 budget and fees.

Programme of Work for 2026

- 2.24. The Committee discussed and agreed a programme of work at its meetings in September and November 2025. A copy of this can be found at **Annexe A** of this paper.

3. Resource Implications

- 3.1. The cost of the internal and external auditors were covered within the budget for 2025.
- 3.2. The Committee held its first two meetings in person so that members could meet one another and discuss ways of working. Future meetings will be held both in person and online as the committee settles into its role. The Committee costs are covered from the Governance Team's budget.

4. Risk Implications

- 4.1. The Board has ultimate responsibility for risk, it is therefore important that it has confidence in the work and oversight that the Committee undertakes.
- 4.2. The reporting mechanisms that are in place and are referred to in the Committee's Terms of Reference assist in providing that assurance to the Board.

5. Equality and Diversity implications

- 5.1. No equality, diversity or inclusion implications have been identified in relation to this report to the Board, however, all risks are assessed with equality, diversity and inclusion in mind.

6. Recommendations

- 6.1. The Board is asked to discuss the report from the Chair of the Finance, Risk and Audit Committee which covers the period 17 September to 31 December 2025.

ARB Board

12 May 2026

Item 12 – Annexe A

Finance, Risk and Audit Committee Workplan for 2025/2026

The following table provides an overview of key topics that have been and are due to be covered at the Committee’s meetings. Relevant adjustments are made as needed.

September 2025 – In Person - COMPLETE	November 2025 – In Person - COMPLETE	January 2026 – Online - COMPLETE
<p>17 September 2025</p> <p>Regular and Standing items:</p> <ul style="list-style-type: none">• Initial Workplan• Internal Audit Reports/Updates• Exception Reports• Management accounts & full year financial update• ARB Risk Register <p>Other items:</p> <ul style="list-style-type: none">• Discussion on ways of working• Budget and Fees 2026• Update on IT Transformation	<p>20 November 2025</p> <p>Regular and Standing items:</p> <ul style="list-style-type: none">• Minutes, Action points• Workplan updates for 2026 cycle of meetings• Internal Audit Reports/Updates• Internal Audit Plan for 2026• Management accounts & full year financial update• ARB Risk Register• Report on fraud, service complaints, procurement waivers, whistle blowing, data breaches, physical and cyber security incidents• Update on relevant policy reviews (if needed) <p>Other items:</p> <ul style="list-style-type: none">• Performance Monitoring Framework• Investments and Cash Management – update and future outlook (Investment Broker to attend meeting) - 45 mins• Review of Investment Broker’s Contract	<p>28 January 2026</p> <ul style="list-style-type: none">• Financial Updates (as needed)• Discussion with Investment Brokers

	<ul style="list-style-type: none"> • Review of Internal Auditors' Performance and Rolling Contract (expires 2026) • Cyber Security Deep Dive Follow Up 	
April 2026 – In Person - COMPLETE	July 2026 - Online	September 2026 - Online
21 April 2026 Regular and Standing items: <ul style="list-style-type: none"> • Minutes, Action points • Internal Audit Reports/Updates and Annual Report • Review of Internal Auditor performance • Management accounts & full year financial update • ARB Risk Register • Report on fraud, service complaints, procurement waivers, whistle blowing, data breaches, physical and cyber security incidents • Update on relevant policy reviews Other items: <ul style="list-style-type: none"> • Approval of Financial Statements for the Board • 2025 Performance Data including Q4 Data • Q1 2026 Performance Data • Committee's Annual Report 2025 for the Board (this will only cover the first six months of operation on this occasion) • Investments and Cash Management Update 	7 July 2026 Regular and Standing items: <ul style="list-style-type: none"> • Minutes, Action points • Mid Year Work Plan Updates • Internal Audit Reports/Updates • Review of External Auditor performance • Management accounts & full year financial update • ARB Risk Register • Report on fraud, service complaints, procurement waivers, whistle blowing, data breaches, physical and cyber security incidents • Update on relevant policy reviews Other items: <ul style="list-style-type: none"> • Q2 2026 Performance Data • Review of Terms of Reference • Review of Internal Auditors' Contract (expires end of 2026) • Review of Budget and Fees 2027 • Review of Risk Management Strategy/Risk Appetite • Review of Data Protection Policy 	23 September 2026 Regular and Standing items: <ul style="list-style-type: none"> • Minutes, Action points • Internal Audit Reports/Updates • Management accounts & full year financial update • ARB Risk Register • Report on fraud, service complaints, procurement waivers, whistle blowing, data breaches, physical and cyber security incidents • Update on relevant policy reviews Other items: <ul style="list-style-type: none"> • Review of Investment Policy • Review of Reserves Policy • AI Updates

November 2026 - Online		
18 November 2026		
<p>Regular and Standing items:</p> <ul style="list-style-type: none">• Minutes, Action points• Workplan for 2027 cycle of meetings• Internal Audit Reports/Updates• Management accounts & full year financial update• Report on fraud, service complaints, exceptions, data breaches, physical and cyber security incidents• Update on relevant policy reviews <p>Other items:</p> <ul style="list-style-type: none">• Q3 2026 Performance Data• Review of Early Indicators for 2027• Business Continuity Plans Update		