



Meeting Minutes

Board/Committee:	The Riverside Group Ltd Board (the "Board") (Additional meeting)		
Date and time:	9am 20 September 2022		
Location:	Via Teams		
Present:	• Terrie Alafat	(TA)	Chair
	• Pauline Davis	(PD)	Vice Chair
	• Goi Ashmore	(GA)	Board Member
	• Erfana Mahmood	(EM)	Board Member
	• Rommel Pereira	(RP)	Board Member
	• Sam Scott	(SS)	Board Member
	• Carol Matthews	(CMM)	Co-opted Board Member
In attendance:	• Paula Simpson	(PS)	Tenant Observer
	• Ian Gregg	(IG)	Executive Director Asset Services
	• Patrick New	(PN)	Executive Director Customer Service
	• John Glenton	(JG)	Executive Director Care and Support Services
	• Richard Hill	(RH)	CEO of One Housing Group
	• Cris McGuinness	(CAM)	Chief Financial Officer
	• Sara Shanab	(SSh)	Director of Governance and General Counsel
	• Nick Harrison	(NH)	Governance Officer (Temp Secretary)
	• Carl Walsh	(CW)	Group Finance Director
	• Tony Blows	(TB)	CIO
	• Russell Hall	(RH)	Governance Manager (Observer)

Min Ref:	Agenda Item	Action
131/22	<p><u>Apologies for Absence (Item 1.1) VERBAL</u></p> <p>Apologies for absence were received from Caroline Corby, Vice Chair; Ingrid Fife, Board Member; Nigel Holland, Board Member; Sandy Murray, Board Member; Olwen Lintott, Board Member.</p>	
132/22	<p><u>Declarations of Interest (Item 1.2) VERBAL</u></p> <p>None.</p>	
133/22	<p><u>Approval of the Financial Statements for the year ended 31 March 2022 for The Riverside Group Ltd (Item 2.1)</u></p> <p>At its meeting on 16 June 2022, the Group Audit Committee (GAC) had recommended Group Board approval of the Financial Statements for the year ended 31 March 2022, subject to some final elements of audit work. Subsequently, at its meeting on 14 July 2002, the TRGL Board had approved the Financial Statements and delegated approval of any non-material amendments to the CFO and CEO, with any changes that materially altered the view of the state of the Group's affairs to be brought back to the Group Board.</p> <p>The Board considered a report, introduced by CAM, which highlighted that since these approvals there had been a number of changes requested by BDO (The Group's External Auditors). Whilst none of the changes individually or collectively materially altered the reading of the financial statements, and whilst technically they did not have to be re-presented, given the volume of the changes and the number of entities impacted (as outlined in appendix one of the report) it was thought appropriate that the Financial Statements be presented back to Group Board to note the changes and (re)approve the contents to ensure complete transparency.</p> <p>As well as appendix one which provided significantly more detail, the report also appended the TRGL Financial Statements. These, alongside the BDO Audit Highlights Memorandum, had been discussed at length by the GAC in its review of the Financial Statements for the year ended March 2022 (FY2022), who had recommended these for approval by Group Board.</p> <p>CAM reported that a full "lessons learned" review would be conducted to ensure improvements were collectively identified in both Riverside's and in BDO's processes. Governance colleagues would both provide support and add a degree of independence to the review. A report and action plan would be submitted to the December GAC. The Board were assured that where there were gaps, issues or improvement measures there would be full transparency.</p> <p>CAM reported that there was a sector wide issue regarding external audits this year. It was highlighted that if more audit work had been completed at the beginning of the audit, then these issues could have been avoided.</p>	

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	<p>The report noted that BDO was still expected to issue an unmodified audit opinion, subject to concluding their audit work. This included the completion of the technical review, final review of the cashflow and internal approval for Prior Year Adjustments.</p> <p>The Board's attention was drawn to a few key points by CAM:-</p> <ul style="list-style-type: none"> • All bar one of the adjustments at a group level related to balance sheet reclassifications. • Page 10 – Changes to two lines of the 'Financial highlights summary' – the Net Surplus increased by 7.5m and the tangible and intangible assets increased by £2.6m in 20/21 and £4.1m in 2021/22. • Page 11 – The reason for the net surplus increase was outlined – which was due to an error by Lloyds. It was reported that if this had occurred in Riverside (rather than OHG), the Treasury system would have caught the incorrect valuation. The process of transferring the OHG loan portfolio to the TRGL Treasury system was ongoing and should be completed by the end of the calendar year. • Page 12 – There had been multiple corrections between balance sheet classifications. A few of them were Prior Year Adjustments. Many of these corrected accounting treatments which had been audited and accepted by KPMG. There were a couple where the team had corrected accounting treatment in the current year and had missed the corresponding prior year adjustment. KPMG had been notified of all Prior Year Adjustments. • There was one Management Letter point in the audit highlights memorandum regarding the rent debtor reconciliation. There was an issue with a brought forward balance in the reconciliation (from when we moved to Sun). The detailed level of posting between the two systems was different, with Sun posting at scheme level and Open Housing at UPRN / Customer level. This had made the rent debtor reconciliation complex. The reconciliation issue would be resolved in the coming months with the system issue possibly taking longer. • Since the GAC meeting there had been two further adjustments - A prior year adjustment between short (lower) and long-term creditors (higher) of £9.7m re sinking and cyclical fund reclassification. We had previously been informed that this adjustment was not needed. There had also been an adjustment in RCS (not group) of £1.464m – where BDO had incorrectly calculated the adjustment. • Whilst it was not possible to be certain there were no further adjustments, it was believed that there were no substantial issues likely to arise. • A Post Balance Sheet Event regarding the refusal of the planning appeal at Victoria Quarter (One Housing Group investment) and, as such, an additional disclosure had been added to the OHG and TRGL Financial Statements. • Ahead of signing, a Post Balance Sheet events review would need to be undertaken. As of the Board meeting, there were no further post Balance Sheet events to note or any envisaged. <p>The Chair commented on the challenges placed on the business this year as a result of the merger and changing to new auditors and</p>	

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	<p>acknowledged that similar problems with audits had also been seen in other sectors. The lessons learnt exercise was welcomed, as were the challenges made to BDO at the last GAC by committee members.</p> <p>RP referenced the robustness of the challenges on the detail of the Financial Statements at the last GAC by members and agreed with the assumption that too much work had been 'back ended'. He suggested that there were lessons to be learnt on both sides and acknowledged that the audit sector was going through challenging times nationwide and there would be a need to continue to build on the relationship with BDO and their processes.</p> <p>The Group Board RE-APPROVED the TRGL Financial Statements for the year ended 31st March 2022, allowing for the two additional adjustments highlighted in the meeting and subject to the final reviews being undertaken by BDO and the outstanding disclosure with regards to Victoria Quarter; and DELEGATED to the Chair of Group Audit Committee, Chair of Group Board and the Chief Financial Officer, the approval of any adjustments that did not materially alter the reading of the Financial Statements in advance of approval by Group Board. If adjustments were required that materially altered the reading of the Financial Statements, these would return to Group Board by Written Resolution.</p>	
134/22	<p><u>Approval of TRGL 2022 Management Representation Letter (Item 2.2)</u></p> <p>The Board RE-APPROVED the management representation letter in the attached form, and delegated signature to the Chair and the Company Secretary.</p>	
135/22	<p><u>Any other Business (Item 3)</u></p> <p><u>Registering of New Rules - Financial Conduct Authority</u></p> <p>SSh reported that the Financial Conduct Authority had registered the new Rules of The Riverside Group Limited, with only a few minor points and questions of clarification. The new Rules had been approved by a Special General Meeting, held on 22 August 2022.</p> <p>Now that the Rules had been registered there was now no requirement to hold the Annual General Meeting of The Riverside Group Limited on 28 September 2022. Accordingly, the meeting would be cancelled, and any remaining business would be undertaken via a Written Resolution which would be sent to Board Members shortly. It was confirmed that the Finance Plc AGM would still take place as planned on 28 September 2022, as would the AGM's for ECHG (Harrow) and ECHG (Kensington and Chelsea).</p> <p>The Board NOTED the update.</p>	

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136/22	<p data-bbox="296 280 687 311"><u>Date of Next Meeting (Item 4)</u></p> <p data-bbox="296 344 1248 412">The date of the next scheduled meeting due to be held on 13 October 2022 was NOTED.</p> <p data-bbox="296 448 1038 479">There being no further business the meeting was closed.</p>	

Signed:

Terrie Alafat, TRGL Board (Chair)

Date