

		Recommendation	Draft Response	Owner	Status/Target Date	Update on Actions taken
A1	Policies – Completeness and maintenance Control design and Operating effectiveness	a. Consider the need for the policies listed in the Shareholder's Agreement, and either produce policies in these areas or amend the shareholders' agreement as required.	a)Accepted - the board will review the list of policies set out in the shareholder agreement and agree any additional policies which are required. The Shareholder agreement will be updated to reflect any changes.	Sadie East	Complete	03 July 2018 - Company policies have been reviewed and a number of minor alterations made. Policies will be resubmitted to a representative from the board for approval and then distributed to Service Areas Leads and i4B commissioned services
		b. Introduce a consistent approach to the review of policy documentation including the frequency of review, responsibility for review, and approach to ensuring version control.	b)Accepted - Policies will be reviewed annually by the board.	Sadie East	Complete	All company policies will be reviewed annually
		c. Undertake a review of all policies in order to ensure that the content remains applicable now that I4B is operational.	c)Accepted - All policies will be reviewed as part of the exercise above and then reviewed annually.	Sadie East	Complete	All company policies will be reviewed annually
A2	Ongoing review of the SLA - Control design	A procedure for ongoing review of the effectiveness of the SLA should be introduced whereby the SLA is reviewed by a specified individual on at least an annual basis. This review should include: Whether the council is providing services to i4B in the most effective and efficient way possible, including performance against a series of KPIs; Whether the council remains the most effective Service Provider for the listed services; and Whether, given changes in the nature of i4B's business, any services should be added to the SLA	Accepted - A number of measures are being put in place to monitor delivery of the SLA including a regular meeting of all service leads. A regular report will be provided to the i4B Board on delivery of the SLA including any issues and actions in place to address these as part of the regular performance monitoring reports. In addition, an annual report based on a review performance against the SLA will be presented to the board to inform decisions on future arrangements.	Sadie East	Complete	The SLA is monitored at monthly meetings between service leads and i4B. A monthly report from these meetings is provided to the board.  The board receive monthly performance updates on performance against the SLA.
A3	Risk Management - Control design	a. I4B should create a Risk Management Framework that clearly depicts: The organisation's approach to risk management; The organisation's risk appetite; The approach to documenting and recording risk on the risk register; Responsibilities in relation to the management and identification of risk; The mechanism for scoring of risks; Responsibilities for maintaining and updating the register; The mechanism for gaining assurance over the operating effectiveness of the mitigations; and The involvement of the Board in risk management and review of the risk register.	a)Accepted - The board will consider a proposal to create a risk framework and will consider the relative scores of the new risk assessment.	Chris Brown	Nov-18	Ongoing
		b. As part of the approach to monitoring and managing risk, the risk register should become a stand alone document that is treated as live.	b)Accepted - the risk register will be produced as a separate document and the board will review the risk register no less than every quarter.	Chris Brown	Complete	Risk register has been created as a stand alone register. Was reviewed by i4B management team in April-18 and an update will be submitted to May board meeting
		c. The risk register should be reviewed to ensure that operational risks are incorporated to the extent that they are applicable.	c)Accepted - the board agreed an updated risk register at its January 2018 meeting which includes additional operational risks.	Chris Brown	Complete	Company Risk Register has been created
		d. Mitigation strategies should be reviewed to ensure they are reflective of controls that have been put in place to prevent the risk from occurring, where no such controls exist management should consider implementing new mitigations.	d)Accepted - the board will review the risk register no less than every quarter.	Chris Brown	Complete	Risk register reviewed and approved at June 2018 Board meeting
		e. All risks should be given individual responsible owners who are responsible for monitoring and managing the risk.	e)Accepted - the board will consider who the holder of each risk in the register should be.	Chris Brown	Complete	Risk register reviewed and approved at June 2018 Board meeting
		f. Risk should be an at least quarterly Board agenda item, as part of which the Board should review key risks, be provided with an update in relation to notable movements on the register and be provided with assurances that key mitigations are operating. This may be in the form of an update report rather than review of the full register.	f)Accepted - the board will review the risk register no less than every quarter.	Chris Brown	Complete	Company risk register is reviewed quarterly
A4	Code of Conduct - Control design	I4B should introduce a Director's Code of Conduct that is signed by all Directors and includes but is not limited to: The obligations, key roles and duties of Board membership and how these relate to i4B's mission; The ethical values and expectations of the organisation; and The approach to maintaining and ensuring adherence with the Code of Conduct.	Accepted - a code of conduct will be produced to be considered by the Board and Shareholder.	Sadie East	Complete	The Director's Code of Conduct was considered at the June Board meeting and will be submitted to the Shareholder for approval and will be signed by all company directors. Code of Conduct was agreed and signed by all directors in July 2018.
A5	Escalation Policy - Control design	I4B should introduce a formal escalation policy that clearly defines reporting lines, the process for escalation and indicative thresholds and examples for escalation so as to ensure that reporting is consistent and appropriate.	Accepted – i4B will documents its current escalation policy to the Board. It has put in place a monthly meeting with Council Heads of Service to monitor delivery of the SLA which will provide a mechanism for issues to be escalated and will consider what other measures it needs to put in place as the company's work develops.	Sadie East	Complete	The escalation policy was considered at the June board meeting, minor alterations have been made and the policy has been resubmitted to the board for approval. Escalation Policy approved at June 2018 board meeting
A6	Scheme of delegation - Operating effectiveness	The scheme of delegation should become a stand alone document that is maintained for necessary staff changes and periodically reviewed to ensure it remains appropriate and up-to-date.	Accepted - the scheme of delegation will be established as a stand alone document and reviewed by the board no less than annually.	Sadie East	Complete	The Scheme of Delegation was approved at the June Board meeting and will be reviewed annually
A7	Recognition of income and expenditure – Financial procedures - Operating effectiveness	Financial procedures should be clearly mapped depicting the process for recognising the activities of i4B and in particular the approach for recognition of expenditure under the SLA with the Council.	Accepted - a full set of financial policies and guidance notes for i4B will be produced and approved by the board.	Olga Bennet	19/20 Financial Year	There has been a delay in the completion of the financial policies following the departure of the commercial head of finance. There is a new head of finance in post and a stock taking exercise is currently underway.
A8	Financial standing orders - Control design	When I4B makes transactions through its own bank accounts and/or ledgers, Financial Standing Orders will become relevant. Whilst some of the Council's financial procedures may remain relevant under the SLA, it is important that I4B considers which of these policies remain relevant, and where its own policies in this regard may be more suitable. In particular, management should give consideration to and create I4B's own Financial Standing Orders at this point in order to ensure cash, payments and receipts are adequately managed.	Accepted - a full set of financial policies and guidance notes for i4B will be produced and approved by the board.	Olga Bennet	19/20 Financial Year	There has been a delay in the completion of the financial policies following the departure of the commercial head of finance. There is a new head of finance in post and a stock taking exercise is currently underway.
A9	Revenue monitoring - Control design	Management should continue to develop the revenue tracker, ensuring that this provides sufficient detail of rental income due and receipts collected. Management should also agree with the Board the extent to which this information is to be periodically reported to the Board so as to ensure the Board has sufficient oversight.	Accepted - a revised financial monitoring model and timetable will be developed and agreed with the board and will include the tracking of rents due and received as well as costs.	James Cook	Complete	A new financial model and timetable was agreed at the February 2018 board meeting.

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B1	Distinguishing objectives and implementing an approach for measuring the intended benefits - Control design	It is recommended that management ensure that there is a clear distinction between what are the goals of I4B and what are the goals of the Council such that I4B. Once distinguished management should ensure there is a clear approach against which the overall success of the organisation in delivering against its primary objective can be measured and reviewed on a periodic basis.	Partially accepted - This is a joint responsibility on i4B and the Council. i4B has been set up to support and deliver housing and regeneration benefits to the council. i4B's first business is as a PRS landlord tasked with providing quality accommodation for the Council to nominate homeless customers. i4B is able to quantify the number of properties let to nominated customers and will be able to evidence quality through customer surveys and KPI performance. However, the council has a greater awareness of the benefits of each nomination both in financial and quality of life measurement. i4B has approached the council's housing needs service to work jointly to better evidence benefits. As i4B propose new products it will endeavour to agree with the shareholder the most appropriate measurement for success.	Sadie East	Completed	The Brent Finance Team has carried out work to quantify the financial benefits of i4B to the council. This will feed into the next Company business plan which will be approved by the shareholder in February 2019.
B2	Non-Financial KPIs - Control design	Management should ensure that going forward the newly defined KPIs included in the draft business plan that is to be approved at the January Board meeting are monitored to the Board at each monthly meeting.	a)Accepted - The Board has agreed the new KPIs and will receive reports on performance at every Board meeting.	Chris Brown	Completed	KPIs were approved by the Board and the Board continues to receive monthly performance reports
		All KPIs both financial and non-financial should have quantifiable targets and where I4B is not meeting the targets, explanations should be sought for the cause of the shortcoming and action plans implemented where necessary to address any performance issues identified.	b)Accepted - Targets will be set for the KPIs and performance monitored by the board. Any issues will be highlighted and addressed.	Chris Brown/James Cook	Completed	KPIs were approved by the Board and the Board continues to receive monthly performance reports
B3	PRS project tracker - Control design	Management should examine the possibility of using a system based approach to manage and maintain this information. However, if an appropriate system based approach is not considered the most efficient approach then management should seek to incorporate data validation checks either embedded within the spreadsheet or as review checks to be undertaken as part of the process of updating the PRS tracker in order to give assurance over the accuracy and completeness of data.	Accepted - The Company and the Shareholder are considering systems able to improve data collection, accuracy and transparency. A process mapping workshop took place on 29 January 2018 which contributed to developing requirements for a system.	Chris Brown	Complete	A Microsoft Dynamics case management system for i4B properties and processes has been created. This will improve Brent Council processes and introduce clearer measuring periods for the company's KPIs. The system went live in November 2018. Work is ongoing to improve the accuracy of KPI reporting.
B4	Overall purpose of company - Control design	Management should ensure that purpose of the company is clearly defined with the priority of the company's goals and how they interact with each other clearly laid out in the business plan such that the intended benefits of I4B's existence are clear.	Accepted - This will be reflected in i4B's new and future business plans. As i4B proposes new products it will endeavour to agree with the shareholder the most appropriate measurement for success.	Sadie East	Complete	
B5	Monitoring the proportion of LHA rents - Control design	Management should ensure that the proportion of properties let in excess of LHA rates is monitored and reported to the Board in order to inform future decisions regarding purchasing and tenancy types.	Accepted - This has been added to the suite of KPI indicators as KPI 34	Chris Brown	Complete	
B6	Succession Planning - Control design	Management should create guidance documents for how key performance metrics from the PRS project tracker are collated and how the feedback is communicated to senior stakeholders and the board.	Accepted - resources will be identified to provide this guidance	Chris Brown	Complete	The Microsoft Dynamics system gives board members and officers access to live KPI information and reports.

	Recommendation	Draft Response	Owner	Status/Target Date	Update
C1	i4B should use the findings from the fraud risk workshop to perform a fraud risk assessment. This should capture the key fraud risks and include an assessment of mitigating controls so that residual risks are understood. Given that I4B's business activities are likely to expand in the future as per their business plan, the fraud risk assessment should be refreshed at least bi-annually.	The company will undertake an anti-fraud risk workshop. This will be done following the anti-fraud measures audit planned for First Wave Housing (as agreed at the First Wave board meeting on 21 March 2018) in order that work can be aligned on fraud risk across both companies.	Sadie	Sep-18	i4B Fraud Risk Assessment undertaken in October 2018. At the October Board the Board agreed to transfer the fraud risks identified to the Company Risk Register. These risks will be reviewed on a quarterly basis.
C2	i4B should also ensure that they have in place a set of fraud and ethics policies to set the tone at the top, such as a counter fraud policy, a fraud response plan, code of conduct for board members, and a whistleblowing policy. Either the Council's policies could be adopted, or I4B could develop their own.	i4B will review Brent Council's fraud and ethic policies with the aim of adopting these for i4B and will add an additional clause to the SLA agreement when it is next updated to strengthen the company's overview of fraud risks.	Sadie	Complete	Policies adopted in September 2018 board meeting

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D1	Basis of Assumptions Setting of the base rental value and property purchase price	Purchase Prices - The 'Historic Acquisition List' tab contains within it an additional set of scaling factors, which are based on off of full average price, rather than being pegged to the Brent price. These are in cells AN182:AN184. These should be used as the scaling factors which are brought through into the 'Key Operational Inputs' tab, cells L99:L101, rather than the scaling factors used at present.	Agreed	Olga Bennet	This will be implemented in 2019/20 financial year
D2	Basis of Assumptions Setting of the base rental value and property purchase price	At present the model overstates rental income. There are two potential ways to remediate this issue: 1). The calculation for the average rent should exclude those properties from Home Counties – Medium and then the 20% uplift becomes a stated assumption. 2). A scaling factor should be calculated for all properties based off on the actual empirical experience, as per the proposed solution for the Purchase Price.	Agreed	Olga Bennet	This will be implemented in 2019/20 financial year
D3	Property Related Inflation Rental growth and house price inflation	From discussions, PwC note that Rental Inflation has been set in line with the LHA assumption at 1.5%. PwC also note that there is a view that HPI would be around 1%, although this hasn't been built into the model. Were this to have been built in though, it would lead to increasing yields over time, as rental growth exceed property growth. This assumption of increasing yields is difficult to justify, as taken to ad infinitum it would lead to rental income exceeding the property value. Additionally, 1% HPI is low compared to market experience. Whilst it is true that there is uncertainty in the market at present, in particular as a result of Brexit, a 1%pa flat growth rate is unlikely to persist over the next 30 years. This is demonstrated with reference to the Nationwide House Price Index, which sets annual house price growth a c2%, despite the current economic uncertainty. As the model forecasts out over 30 years, it is likely that HPI will fluctuate around this point noting that the average HPI over the past 5 years has been c8%pa in London, and c5%pa going back 10 years which includes the 2008 recession that led to significant falls in the housing market. Given this, we have presented sensitivities under various scenario's of HPI and rental growth over the next set of slides. These are done in two ways. The first table for each metric is based on Rental Growth being set to a specific percentage across the whole portfolio, i.e. rental growth equals 4% for all properties. The second table presents a blended rental growth, factoring in the LHA rates. LHA rates cover three quarters of the portfolio, so in this instance, where rental growth is stated as 4%, that is 4% on a quarter of portfolio and 1.5% on the remaining three quarters. This is therefore a blended assumption of 2.125%. The HPI assumptions used in both tables are consistent, as the values of the house will be set by market conditions rather than being influenced by the LHA rates.	House price inflation will be built into the model. Given the current economic climate, the i4B Board has agreed a prudent 1% house price inflation assumption and an average 1% LHA rate increase.	Olga Bennet	House price inflation will be implemented in 2019/20 financial year.

D4	Potential Errors	Incorrect formulae (logic or design), inconsistent use of assumptions, etc. These should be reviewed as a priority and changed accordingly, otherwise they may lead to financial impacts on the model, especially should assumption change going forwards. These should be resolved.	Any comments in this category will be implemented in the next model refresh.	Olga Bennet	This will be implemented early in 2019/20 financial year
D5	Design issues	Areas of the model which are not consistent with documentation, or may lead to potential errors. These should be resolved.	Any comments in this category will be reviewed in the next model refresh.	Olga Bennet	This will be reviewed early in 2019/20 financial year
D6	Best Practice	Best Practice. Model design which is not consistent with our interpretation of best practice. These should be resolved.	Any comments in this category will be reviewed in the next model refresh.	Olga Bennet	This will be reviewed in 2019/20 financial year
D7	Cosmetic	Cosmetic. Typos and inconsistent references used within the model. These should be resolved.	Any comments in this category will be reviewed in the next model refresh.	Olga Bennet	This will be reviewed in 2019/20 financial year