



# Annual Regulatory Return (ARR)

## Overview of the Information Requested

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## Why Change the Return?

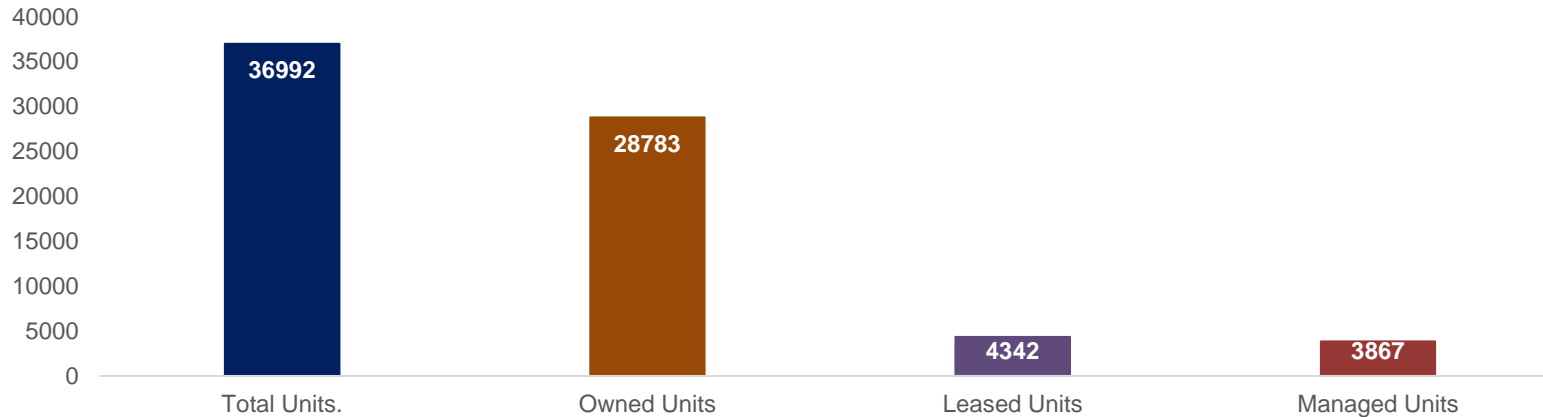
-  Move away from Compliance based questions
-  Increased requirement to provide **Evidence and Assurance** to the Regulation office
-  Remove the **lagged environment**
-  Greater emphasis on risk-based regulation – more targeted questions
-  Greater alignment to the **Regulatory Standards**

# Considerations for Completion

- Information submitted should be a true reflection of your organisation. AHBs should be **open and transparent**
- **Comply or Explain** – if you are unable to provide certain information please tell us why
- Views of the Board are vital to the completion of the ARR – Board can't fully delegate responsibility for completion to the Executive
- Final opportunity to receive critical **feedback in a voluntary framework** on whether Regulatory Standards are being met
- Next time it will be in a statutory environment

# Breakdown of Units

Units Split by Owned, Leased and Managed - 2018



- Unit breakdown at **year end 2019** – Board should be assured this accurately reflects the AHB’s asset base
- Additionally unit figures for **September 2020** to provide current delivery
- Leased units – should detail all organisations – not just other AHBs
- Managed units – are there formal agreements in place?

# Forecasted Growth

Property Report	2019	2020	2021	2022
Unit Summary				
CLSS Units				
CALF and Loan Financed Units				
CAS Units				
Out of Mortgage				
Unencumbered Units				
Leased Units				
Managed Units				
Other				
Closing Units				

- Planned Growth in units for **2020, 2021 and 2022** required
- Breakdown of unit growth – based on funding type e.g. CAS, CALF & Loan Finance
- Reflects changes to the future assets/liabilities within AHB's balance sheet
- Are these targets **realistic?** – have they changed due to Covid-19?

- **Board Membership/Renewal** – clearly define current membership and expected changes to the Board over the next 12 months – what skills are being sought?
- **Sub-committees** – need to understand the sub-committee structure including membership – any non-directors?
- Should be evidence of Board **Appraisal** – including any improvements identified/implemented
- **Training** – what specific training the Board has undertaken – are there any training gaps?



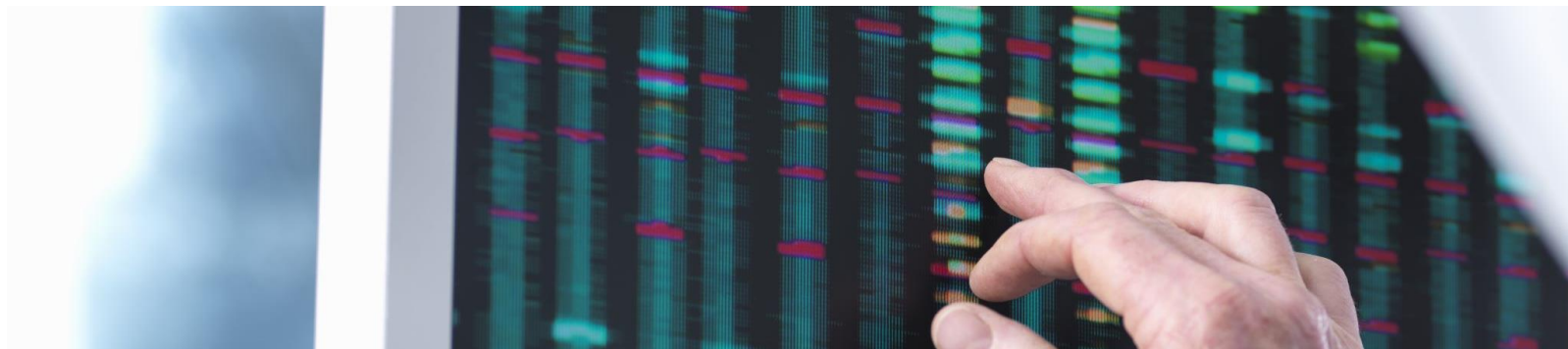
# Risk Management

- Having a risk register/policy is not considered sufficient – AHBs need to demonstrate the **application of risk**
- What does the Board see as its role in risk management?
- Is risk management **truly embedded** – is the risk register a useful tool or a “tick the box” exercise?
- **Risk Appetite/Tolerance** – Boards should be able to define this as part of their risk management framework – vital to risk assessment

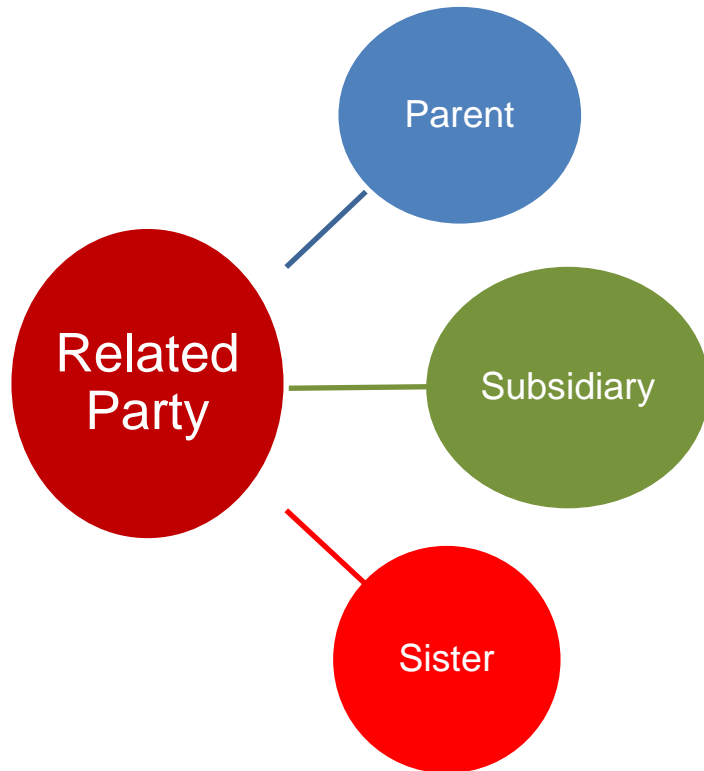


# Assurance and Oversight

- What is the **flow of information** to the Board?
- Is this information complete, accurate and timely – what **assurance process** does the Board rely on?
- Is the Board content that the Assurance Framework is robust?
- **Internal Audit** – does this provide reasonable assurance on:
  - Governance
  - Risk
  - Internal control







- AHBs need to be able to **define** their relationship with other related organisations
- Roles and responsibilities need to be clear – can the Board demonstrate **independence**?
- Formal arrangements need to be evidenced through **written agreements**
- **Service provision** – Are there contractual arrangements to govern any financial transactions?

## Financial Section Requirements:



Greater focus on financial **management** and **oversight**



Greater evidence that financial controls are in place e.g. delegated authority



Requirement to submit **management accounts** up to September 2020 – removal of the lagged environment



AHB boards should evidence their consideration of financial viability

# Financial Information



- Annual **Budgets** – have these been approved by the Board?
- Annual Financial Return (AFR) – changes to the information required – particularly on financial governance
- **Debt Levels** – anticipated changes to the levels of debt should be reported
- AHBs should have fully assessed their financial health:
  - Cash
  - Liquidity
  - Operating Margin



- Performance Information required for **year end 2019** and **September 2020** – has there been an impact from Covid-19?
- **Tenancies** – AHBs should clearly define if all service users are tenants - are they registered with RTB?
- **Rent** – if an organisation does not charge rent – define how services are funded and by whom?
- **Voids** – Greater breakdown on void information – how many units are considered lettable?

# Repairs and Maintenance



- **Repairs** – what is the AHB’s target on repair completion and performance against this?
- **Maintenance** – has the AHB set a budget for maintenance work:
  - planned
  - cyclical
  - major repairs
- **Stock Condition** – Robust data on quality of stock should be held – are budgets based on stock investment needs?
- How will maintenance programmes be **funded?**



# Continuous Improvement

- Is there evidence that the AHB is continually looking to make improvements in:
  - Governance
  - Finance
  - Performance
- Does the organisation plan to carry out any internal/external reviews in the next 12 months?
- Completion of the ARR is an opportunity for the AHB to review its own performance – identify areas for improvement



# Summary



AHBs are asked to provide an **up-to-date view** of their organisation – removal of the lagged environment



Greater focus on **evidence and assurance** – move away from compliance-based assessments



Boards should be able to demonstrate their oversight of the organisation



ARR questions are more targeted on areas of identified risk across the sector



Last Assessment cycle under the voluntary code - make the most of it!!

THANK YOU

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