



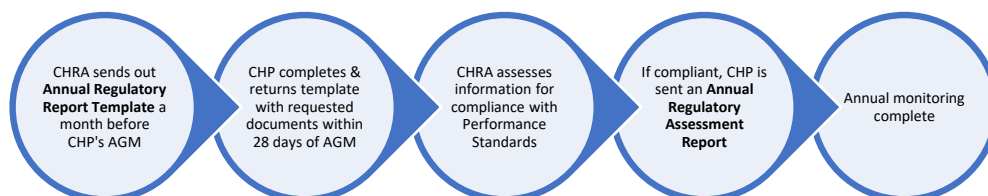
# Annual Monitoring & Reporting Framework 2023/24

## Introduction

1. This framework sets out the Community Housing Regulatory Authority's (the Authority's) approach to the monitoring and reporting requirements for registered Class 1: Social Landlords for 2023/24. It describes:
  - The annual monitoring process
  - How the Authority assesses compliance with the [Performance Standards](#)
  - The annual regulatory report template
  - The documents to be provided for 2023/24
  - The Change and Disclosure Reporting process
  - How we share information

## The annual monitoring process

2. The Authority is required under Part 10 of the Public and Community Housing Management Act 1992 to assess at least annually whether registered Community Housing Providers (CHPs) are continuing to meet the prescribed Eligibility Criteria and Performance Standards. Further information on the legislated basis for this requirement is available in Appendix 1.
3. The annual monitoring process is the main way we monitor ongoing compliance with the prescribed Performance Standards. All registered CHPs need to submit an annual report, as well as the supporting information, within 28 days of their Annual General Meeting (AGM). If a registered CHP does not hold an AGM, the annual report date will be set to align with the sign-off of year-end financial accounts.
4. The annual monitoring process works as follows:



5. If the information provided with the Annual Regulatory Report is insufficient to make an assessment, or it does not demonstrate compliance, we will request further information from the registered CHP to complete the assessment.

6. If an instance of non-compliance is identified, we will always work with the registered CHP to resolve the issue. The aim is to ensure registered providers remain viable and continue to operate in accordance with the Performance Standards. Suspension and deregistration are a last resort, unless a breach is so serious that there is no ability to fix it. Further information on the suspension and revocation process can be found in our [Suspension and Revocation Process Guidance Note](#).
7. Once the assessment is completed, the Annual Regulatory Assessment Report is sent back to the organisation outlining our decision.
8. We may assess an organisation as complying but identify 'areas of improvement' we expect to see in time for the next year's monitoring round, or sooner if required.

### **How is compliance assessed?**

9. We apply three principles when assessing compliance with the Performance Standards:
  - Fairness and consistency – we have fair, clear and open processes, and our processes and decisions are consistent and without bias.
  - Proportionality – we assess whether the policies, procedures and systems in place meet the Performance Standards for an organisation of the CHP's size and scale of housing provision.
  - Transparency – we collect, use and share information consistent with the Official Information Act 1982, the Privacy Act 2020 and the Ministry of Housing and Urban Development [Transparency Statement](#).

### **The Annual Regulatory Report Template**

10. The Annual Regulatory Report Template is divided into four sections:
  1. Organisational information – the information we currently hold on the organisation, which should be reviewed and updated where necessary.
  2. Response to areas of improvement – any areas of improvement we asked the organisation to work on at the time of registration, through the previous year's Annual Reporting, or as a result of Change and Disclosure Reporting.
  3. Reporting against the Performance Standards – this section contains a short questionnaire to test compliance with key Performance Standards.
  4. Declaration – a legal commitment, signed by the Chair, confirming that the requested documentation has been provided and that all the responses given are true and correct.
11. You will need to complete all of the sections.

### **Documents for 2023/24**

12. These documents ensure the Authority retains confidence that Class 1: Social Landlords remain viable and able to deliver community housing over the long term. The documents for 2023/24 annual monitoring assessment are:

1. Complete and unredacted board minutes for the previous 12 months (apart from redacting legally privileged information, and the names and personal details of tenants, operational staff and contractors)<sup>1</sup>
2. Audited financial accounts in the name of the registered entity
3. Complete budget forecasts for the registered entity for the year following the provided audited financial accounts, including statements of:
  - income and expenditure
  - cash flow
  - financial position
  - changes in equity (or a reconciliation of opening equity to closing equity)
  - statement of the underlying assumptions upon which the budget forecast is based
4. Current insurance schedules that cover both organisational insurance and material damage to properties
5. Business and Strategic Plans (if updated in the past 12 months)
6. Significant new capital expenditure (planned or undertaken) e.g., any new properties purchased or planned to purchase
7. Policies and procedures (if these have not been previously provided or have been updated since they were provided).

13. This year, the questionnaire in section 3 of the annual reporting template will replace the previous annual Performance Standard focus area. This has been designed to test compliance against key Performance Standards and will assist the Authority to:

- Fill in the gaps that exist in our assessment as a result of the small number of documents we have previously required for annual monitoring.
- Obtain information in a consistent way that can be used to support the Authority's understanding of trends in the sector and provide advice to registered CHPs on key issues.
- Better meet the requirements of Part 10 of the Public and Community Housing Management Act 1992, which requires registered CHPs to report on their performance.

To ensure that compliance burdens are as light as possible, we have developed the questionnaire following consultation with registered providers, and endeavoured to keep the questions to a minimum.

### **Additional reporting requirements during the year: Change and Disclosure Reporting<sup>2</sup>**

14. Changes to the way an organisation is governed or operates can occur at any time, so can fall outside the annual reporting process. **For this reason, all registered CHPs are required to report significant planned changes to the Authority, and disclosure reporting is required for any significant event that might adversely impact on an organisation's ability to comply with the Performance Standards.** Both reports are made through a single Change and Disclosure Report.

<sup>1</sup> If you have any concerns about providing this information, please contact the Authority to discuss.

<sup>2</sup> [Change and disclosure reporting | Community Housing Regulatory Authority \(hud.govt.nz\)](https://www.hud.govt.nz/change-and-disclosure-reporting/)

15. These reports advise the Authority proactively of significant changes to the way a registered CHP is governed or operates, which might affect the CHP's ability to comply with the Performance Standards. Such changes or events include, but are not limited to:

- CHP's legal name, contact details, geographical location, or AGM date
- Legal entity type or the constitution/enabling document, e.g., the CHP's objects, functions, or scope of activities
- Structure of the organisation, e.g., merger, takeover or related party agreements the CHP is considering entering
- Membership of the governing body
- Name or job title of any member of the CHP's senior management team
- Rental housing stock numbers (can be a quarterly update if frequent changes occur)
- Material changes to the rent-setting policy that impacts non-IRR rents
- Financial viability of the CHP
- Notice of any action being taken against the CHP by any statutory body, individual company, or another agency
- Notification of any significant cases of fraud, corruption, or criminal misconduct by employees or members of the governing body and any action taken
- Notification of any adverse event that may result in housing units becoming uninhabitable or triggers significant media interest
- Notice from a lender regarding ongoing defaults on loans
- Appointment of a statutory manager, receiver, liquidator, or voluntary administrator.

16. When a Change and Disclosure Report is sent to us, we assess the information to determine whether the matter will affect the organisation's ability to meet the eligibility criteria and/or Performance Standards. For example, if we are advised that an organisation is involved in a proposal to significantly increase the size of its housing stock, we assess its capacity to manage a larger portfolio.
17. If we identify an issue, we may request further information to help assess how serious the issue is and whether it affects the organisation's ability to meet the eligibility criteria or Performance Standards.

### **Information sharing**

18. The Authority and the Ministry's Housing Supply team (the Purchaser) have an operational agreement in place for community housing provision and funding. It stems from our respective statutory functions and allows us to share relevant information only, e.g., informing the Purchaser within a reasonable timeframe of any registration decision which affects a CHP's eligibility for IRRS. The Authority does not share annual reporting information with Ministry's Housing Supply team, except where regulatory action is likely to result in suspension or revocation of registration, impacting a CHP's eligibility for Income Related Rent contracts.

19. However, the Authority is subject to the Official Information Act 1982. This means that all information provided to the Authority through our Annual Reporting, and Change and Disclosure Reporting processes, is potentially discoverable, including Board minutes.
20. If we receive a request for official information we hold, we will consult with all affected parties as appropriate, including CHPs, and determine what information should be released or withheld. This legislation protects personal and commercially sensitive information to the extent that to do so is consistent with the public interest.

## **Appendix 1 – Statutory basis for annual monitoring**

The statutory basis of the annual monitoring is contained in Part 10 of the Public and Community Housing Management Act 1992. In particular, the following provisions apply:

**168 Registration:** Registration is continuous so long as criteria continue to be met. The Authority must assess at least annually, and may assess at any other time, whether a registered Community Housing Provider (CHP) continues to meet the prescribed eligibility criteria and Performance Standards.

**169 Suspension:** The Authority has the power to suspend a CHP if, after making an assessment under section 168, it determines that a registered CHP no longer meets the prescribed eligibility criteria and/or Performance Standards. Prior to suspending a registration, the Authority must give the CHP at least 14 days' written notice and the opportunity to be heard. The Authority must suspend the CHP's registration until the Authority is satisfied it meets the eligibility criteria and/or Performance Standards. The suspension is recorded on the register. If the CHP does not satisfy the Authority within 12 months of the suspension, or any further period that the Authority may determine, registration is revoked in accordance with sections 170 and 171.

**170 Revocation:** The Authority may revoke registration if it is satisfied on reasonable grounds that a CHP has failed, or is failing, to meet one or more of the prescribed eligibility criteria or Performance Standards; the CHP does not comply with a lawful requirement of the Authority under Part 10 of the HRTMA; has ceased to operate as a CHP; is unable to pay the CHP's debts or to continue carrying on its business; or has written to the Authority requesting revocation. Unless the CHP has requested revocation, the Authority must first give the CHP at least 14 days' written notice, with the reasons for the decision to revoke, and give them the opportunity to be heard. Registration may be revoked whether or not the CHP has been suspended under section 169.

**171 Revocation procedure:** Sets out the procedure the Authority must follow to revoke registration.

**174 Authority to monitor registered CHPs:** The Authority must monitor the compliance of registered CHPs with the prescribed eligibility criteria and Performance Standards and may require CHPs to supply information or produce documents for that purpose under section 178.

**175 Reporting requirements:** Registered CHPs must provide annual reports on their operations to the Authority, or at any other time as required.

**176 Information to be included in annual reports:** Stipulates what information must be contained in the annual reports.

**178 Information requests from the Authority:** The Authority may require a person to supply information or produce documents it considers necessary for the purposes of performing or exercising its functions, powers, or duties under the Act.