

# MONITORING AND REPORTING FRAMEWORK 2017-18

## INTRODUCTION

This framework sets out the Community Housing Regulatory Authority's (the Authority's) approach to the monitoring and reporting requirements for registered Class I Social Landlords for 2017-18. It describes:

- what annual monitoring is;
- the annual monitoring and reporting process and the focus for 2017/18;
- how the Authority assesses compliance with the [Performance Standards](#), and the areas of focus for this monitoring round;
- what enhanced monitoring is and when it is used;
- the requirements for disclosure and change reporting by registered Community Housing Providers (CHPs); and
- the protocols around sharing information with other agencies involved in social housing.

The Authority works hard to ensure it minimises the compliance burden on registered CHPs wherever possible, whilst fulfilling our legislative requirements of ensuring registered CHPs are meeting the minimum standards expected of a Class I Social Landlord.

## WHY IS ANNUAL MONITORING AND REPORTING IMPORTANT?

The Authority's focus is on the ongoing viability of a CHP and its ability to deliver social housing over the long-term. This differs from contract monitoring, which is focused on ensuring the delivery of the outcomes that have been contracted for (in this instance, the provision of a contracted number of Income Related Rent tenancies and associated outcomes in the Ministry of Social Development contract).

All of the Authority's activities are designed to help:

- grow a fair, efficient and transparent community housing sector; and
- ensure tenants are appropriately housed.

In doing this, the Authority provides an assurance to Government and tenants that Class I Social Landlords are viable organisations that can provide appropriate landlord services to tenants.

## WHAT IS ANNUAL MONITORING?

Annual monitoring is required under [Part 10 of the Housing Restructuring and Tenancy Matters Act 1992](#) (the Act). The Authority must monitor the compliance of registered CHPs with the prescribed eligibility criteria and Performance Standards, at least on an annual basis.

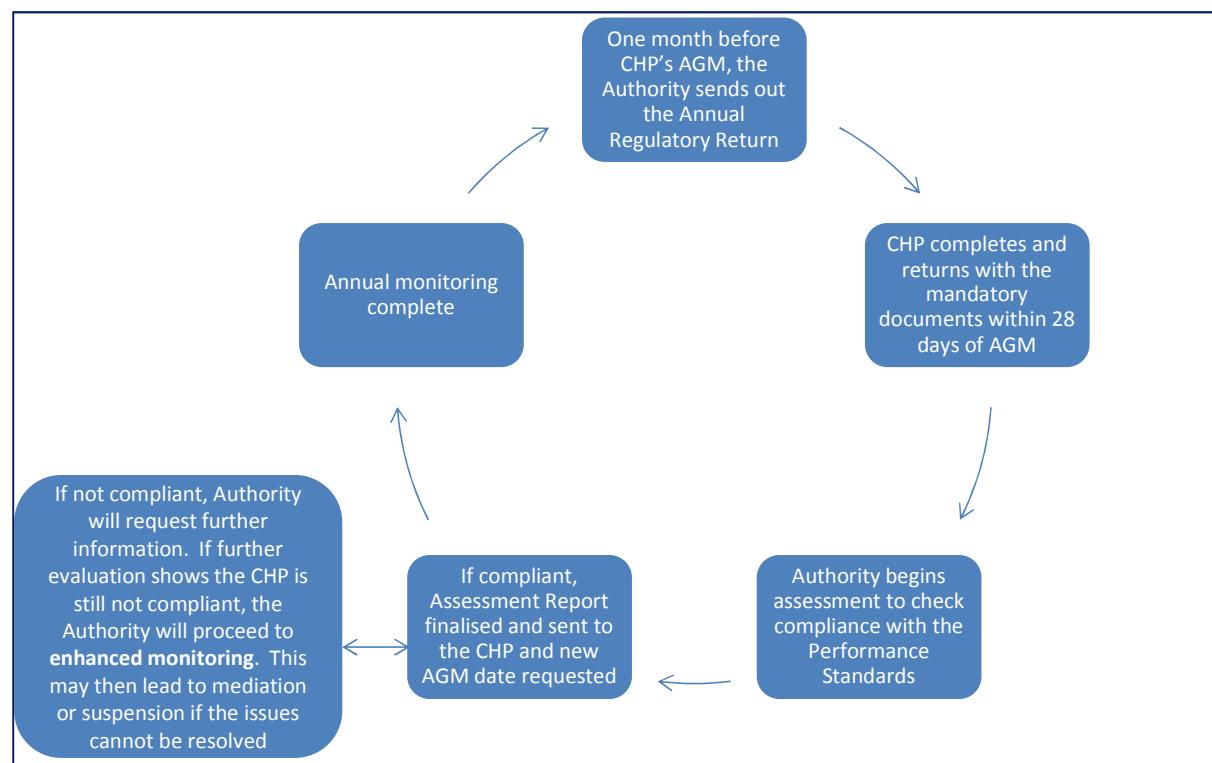
At the time of registration, your organisation had to demonstrate it had the *capacity* to meet the Performance Standards. Once registered, the Authority is required to monitor your organisation's *compliance* with the Performance Standards. Please see Appendix 1 for the legislative basis for this requirement.

The Authority utilises an **evidence-based compliance framework** in its monitoring activities. This simply means that Class I Social Landlords are required to provide information to the Authority that demonstrates compliance with the Performance Standards, and that it is following its policies and procedures in practice. This approach is proportional, pragmatic and allows the Authority to carry out its legislative functions safely.

For example, as part of its application for registration, a CHP may provide its Governance Manual to show it has in place effective, transparent, and accountable arrangements and controls for decision-making (Performance Standard 1.1(b)(iii)). For annual monitoring purposes, it would be the Authority's assessment of the CHP's Board Minutes that would demonstrate effective governance in practice, including apologies being taken (i.e. evidence of a documented quorum), conflicts of interest recorded, consideration of risks, regular reporting of key aspects of organisational performance by management, and Board decisions being clearly recorded.

## WHAT IS THE ANNUAL MONITORING PROCESS?

The annual monitoring process works as follows:



## WHAT IS THE ANNUAL REGULATORY REPORT?

The main way the Authority monitors ongoing compliance is by requiring registered organisations to complete and submit the **Annual Regulatory Report**<sup>1</sup> and mandatory supporting documents that show how your organisation is meeting the [Performance Standards](#).

This report must be provided to the Authority no more than 28 days after the organisation's annual general meeting (AGM). If your organisation does not hold an AGM, the annual report date will be set to align with the sign-off of year-end financial accounts.

The Annual Regulatory Report is divided into four sections:

- organisational information;
- areas of improvement - this section relates to any areas of improvement we asked your organisation to work on, either at the time of registration, through the previous year's annual reporting, or through disclosure or change reporting;
- annual reporting – this section is how your organisation demonstrates how it is continuing to meet the prescribed Performance Standards, by providing the requested set of mandatory documents. The Authority assesses these documents to ensure your organisation is still viable, and following the policies and procedures in practice; and
- a declaration signed by the Chair (or equivalent position) to confirm the information provided is correct.

Following receipt of the **Annual Regulatory Report** and mandatory documents, the Authority will assess the evidence and either:

- accept the information provided, and pass your organisation as compliant with the Performance Standards; or
- request further information to help make an assessment as to whether you are meeting the Performance Standards (if the information initially provided is insufficient).

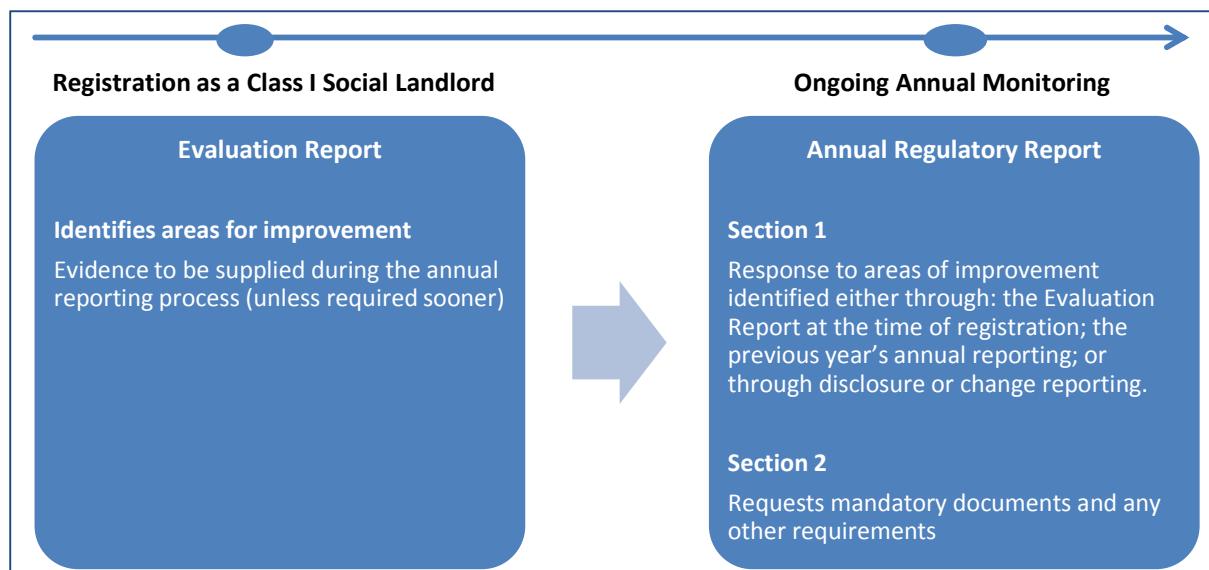
The Authority's approach is to work with your organisation as it resolves any identified issues; the aim is to ensure registered CHPs remain viable and are operating within the parameters of the Performance Standards.

Once the assessment is completed, the **CHRA Annual Assessment Report** is sent to you outlining the Authority's decision. The Authority may pass your organisation as compliant, but highlight areas you need to work on for the following year's annual reporting – which will be areas of improvement for the next Annual Regulatory Report (or sooner if required).

Below is a diagram of the requirements for annual monitoring:

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<sup>1</sup> Referred to in the Housing Restructuring and Tenancy Matters Act 1992 as the annual report.



## HOW DOES THE AUTHORITY ASSESS COMPLIANCE?

The Authority applies three principles when assessing ongoing compliance with the Performance Standards. These are:

- proportionality - this means assessing whether the policies, procedures and systems in place, meet the Performance Standards for an organisation of its size and scale of housing provision;
- accountability and transparency – this means we are able to justify our decisions; and
- fairness and consistency – this means ensuring a level playing field, based on fair, clear and open processes and decisions, and consistent application of information and methods.

This approach means the Authority can consider factors specific to your organisation and how it operates. Factors include, but are not limited to:

- do you have appropriately skilled people to govern and manage your organisation?
- is your organisation financially viable?
- is your organisation complying with its own policies and procedures in practice?
- does your organisation have, or plan to have, Income Related Rent tenants, or be involved in Housing New Zealand asset transactions, or a capital build programme?

## WHAT IS THE FOCUS OF MONITORING FOR 2017-18?

Before the start of each financial year, the Authority will review the documents required for the upcoming year's annual monitoring and advise you of any changes. To ensure Class I Social Landlords remain viable and able to deliver social housing over the long-term, there are a set of core mandatory documents that must be provided.

In addition, each year, the Authority will focus on a particular area of the [Performance Standards](#). The focus of this year's annual monitoring is property and asset management. This means you will need to provide the core documents (unchanged from 2016-17 requirements), as well as documents to show examples of how the property and asset management policies are being implemented in practice.

The **mandatory documents** that must be provided to the Authority for 2017-18 annual monitoring are:

- Board minutes (for the previous 12 months);
- audited financial accounts in the name of the registered CHP;
- current insurance schedules that cover both organisational insurance and material damage to properties in your portfolio;
- updated Business and/or Strategic Plans; and
- a summary of any new capital expenditure (planned or undertaken) that is not already captured in the audited financial accounts or budget forecasts.

For this year's area of focus, **property and asset management**, we require the following documents:

- maintenance schedules for 2016/17 and maintenance work planned for 2017/18;
- a sample of property inspection reports carried out in 2016/17; and
- maintenance expenditure reports for 2016/17.

The Authority is confident providing these documents will not impose a significant compliance burden on your organisation, as these are documents you should have to hand. As stated above, we take a proportional approach when assessing your organisation's compliance with the Performance Standards.

## WHAT IS ENHANCED MONITORING?

In addition to annual reporting, the Authority may, in certain circumstances, undertake **enhanced monitoring**. This may be triggered if the Authority receives information that would cause us to believe your organisation has breached, or is likely to breach, the eligibility criteria or Performance Standards. Examples that would trigger enhanced monitoring are, the Authority:

- has reason to be concerned about any information received during annual reporting, or through the submission of a Disclosure or Change Report (see next section);
- does not receive information the Authority has requested in the required timeframe;
- receives a relevant complaint from a tenant or third party;
- receives information from another agency regarding concerns about your organisation; and/or

- learns of a media report that may raise concerns about your operation.

In these instances, the Authority's first action would be to seek further information from you to clarify the issue. The Authority may also request a meeting with either your Board and/or management to discuss concerns, and offer to work alongside your organisation as it resolves the issue. Once you are back in compliance, standard annual monitoring would resume.

However, if, after working with your organisation, the Authority is not satisfied that it is meeting the eligibility criteria or Performance Standards, we may move to mediation to help resolve the issue. As a last resort, we could suspend or revoke your organisation's registration. The Authority can, if required, move to direct suspension or revocation. Immediate revocation would require a significant adverse event to have occurred with no apparent remedy in place by the affected organisation. Further information on the suspension and revocation process can be found in our [Guidance Note](#).

## DISCLOSURE AND CHANGE REPORTING BY CHPs

Reporting, as opposed to monitoring, is when you proactively advise the Authority of any changes to the way their business is governed or operates. This is where the [Disclosure](#) or [Change](#) reporting process is used.

Changes to the way your organisation is governed or operates can occur at any time, meaning it can fall outside the annual reporting process. For this reason, you are required to report significant changes to the Authority.

**Disclosure reporting** is required for any *significant* event, usually after the fact, which might adversely impact on your organisation's ability to comply with the Performance Standards. Events include, but are not limited to:

- action being taken against your organisation by any statutory body, individual or company;
- action being taken by another Government agency;
- serious breaches of the Code of Conduct by Board members or staff;
- cases of fraud or criminal misconduct which are under investigation;
- an adverse event that may trigger media interest or result in housing units becoming uninhabitable;
- defaults on loans, or circumstances that make a default on loans likely;
- financial issues which could impact on the viability of the organisation or lead to a reduction in service level, business, or loss of staff etc.; and
- complaints made to the Privacy Commissioner about your organisation.

**Change reporting** is required for *significant* changes to your business, which are usually known in advance. They include, but are not limited to, changes to:

- the legal name of your organisation;
- the type of organisation or incorporation details;
- your geographical location, or expansion into other areas;
- the Chair of the governing body or the Chief Executive (or equivalent position);
- the contact person the Authority has listed in order to contact you;
- your constitution or enabling document e.g. the objects or functions or scope of activities;

- the acquisition or development of further rental housing units (including notification of when they become available for use);
- the structure of the organisation e.g. merger or takeover; and
- the rent-setting policy that impacts on non-income-related rents.

When you send the Authority Disclosure or Change Report, we will assess the information to determine whether the change will affect your organisation's ability to meet the eligibility criteria and/or Performance Standards. For example, if you advise the Authority that your organisation is involved in a proposal to significantly increase the size of your housing stock, the Authority would then assess your capacity to manage a larger portfolio.

If the Authority identifies an issue, we may request further information to help make an assessment of how serious the issue is and whether it affects your ability to meet the Performance Standards. The Authority may trigger **enhanced monitoring** until the issue has been resolved.

## INFORMATION SHARING WITH OTHER AGENCIES

A number of Government agencies are involved in various aspects of social housing delivery and have different roles in gathering information related to community housing.

To minimise the compliance burden, every effort will be taken by agencies to avoid duplication where possible.

While an [Operational Agreement](#) is in place with MSD, it does not currently extend to the Authority sharing any documents submitted as part of the registration or annual monitoring and reporting process. To minimise any compliance burden, the Authority is non-prescriptive as to the format of supporting documents. Therefore, we are happy to receive any reports or documents that have been prepared for other purposes and/or agencies, so long as it is relevant to the prescribed Performance Standards.

## APPENDIX 1 - STATUTORY BASIS FOR ANNUAL MONITORING

The statutory basis of the annual monitoring is contained in Part 10 of the Housing Restructuring and Tenancy Matters Act 1992.

Section	Power/Requirement
168	<p><b>Registration</b>            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.</p>
169	<p><b>Suspension</b>            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.</p>
170	<p><b>Revocation</b>            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 CHPs 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.</p>
171	<p><b>Revocation procedure</b>            Sets out the procedure the Authority must follow to revoke registration.</p>
174	<p><b>Authority to monitor registered CHPs</b>            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.</p>
175	<p><b>Reporting requirements</b>            Registered CHPs must provide annual reports on their operations to the Authority, or at any other time as required.</p>
176	<p><b>Information to be included in annual reports</b>            Stipulates what information must be contained in the annual reports.</p>
178	<p><b>Information requests from the Authority</b>            The Authority may require a person to supply information or produce documents it</p>

	considers necessary for the purposes of performing or exercising its functions, powers, or duties under the Act.
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