

NOTTINGHAM CITY HOMES

REPORT OF INTERIM HEAD OF FINANCE

AUDIT COMMITTEE
3 SEPTEMBER 2007

APPOINTMENT AND REMUNERATION OF INTERNAL AUDITORS

1 SUMMARY

- 1.1 The appointment of TIAA Limited as the company's internal auditors, for a three year period starting from the financial year 2008/09 has been approved by Chair's Action. This report sets out the details of that appointment including the remuneration agreed within the contract.

2 RECOMMENDATIONS

It is recommended that members:-

- 2.1 Note the content of this report.

3 REPORT

- 3.1 In line with good practice, the Audit Committee agreed at its January meeting to market test internal audit services.
- 3.2 An invitation to tender was issued and bids invited from suitably experienced organisations.
- 3.3 A panel of Board members, the Head of Finance and the Director of Organisational Development shortlisted three bidders and invited them to a meeting of the panel to make a brief presentation and answer questions.
- 3.3 Consideration was given to the assessment criteria, which included critical audit issues, risk focus, proposals for interface with the Board and Audit Committee, quality and availability of resources and basis and reasonableness of fee.
- 3.4 The panel assessed that TIAA had provided the strongest bid. The role of the Head of Finance was that of advisor only and she was unable to influence the panel or to exercise a vote in the final decision making.
- 3.5 References have been taken up for TIAA from High Peak Community Housing and Barnet Homes.
- 3.6 The Chief Financial Officer of Nottingham City Council, the Council's Section 151 officer had discussions with the Head of Finance and the concerns raised have now been dealt with in principle. TIAA and the Interim Head of Finance will meet with the Section 151 officer, if necessary, to ensure that any remaining details are fully resolved to the satisfaction of all parties.

3.7 TIAA provided a draft letter of engagement and terms of reference with their bid. This will now be finalised

3.8 Fees are on a fixed basis and will increase by Retail Price Index only, subject to additional needs being identified and agreed by both parties.

4 OTHER OPTIONS

4.1 Not applicable.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

5.1 Robust financial monitoring and control is essential to support NCH objectives of providing good quality, affordable and well managed housing that will achieve at least a two star rating.

6 VALUE FOR MONEY & EFFICIENCY ISSUES

6.1 Regular review of service provision along with market testing is critical to ensuring good value for money and efficiency. This should improve the quality of service received and will also deliver cost savings of approximately £20,000 over the three year contract period.

7 EQUALITY & DIVERSITY IMPLICATIONS

7.1 TIAA have confirmed that they operate under the terms of an agreed equality and diversity policy.

8 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

8.1 Bid documents.

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