

## NOTTINGHAM CITY HOMES

### REPORT OF INTERIM HEAD OF FINANCE

AUDIT COMMITTEE  
3 SEPTEMBER 2007

#### FINAL AUDIT REPORTS

#### 1 SUMMARY

- 1.1 Attached to this report are three final audit reports submitted by City Audit Services:-
- Vacant Property Management
  - VAT
  - Payroll

#### 2 RECOMMENDATIONS

It is recommended that members:-

- 2.1 Note the content of both reports; and
- 2.2 Agree the recommendations made by City Audit Services and commitments made by NCH to address all the required actions.

#### 3 REPORT

- 3.1 Vacant Property management - City Audit Services have reviewed the progress since the Audit Commission inspection work in March 2006.

In summary, they found that some progress had been made but that satisfactory levels of performance were still not reached. As a result a number of recommendations have been made.

These have been considered by NCH management and actions to address have been agreed with appropriate timescales and responsibilities identified. In particular, a centralised team has been in place since the beginning of July which, through joined – up working will address many of the weaknesses identified.

- 3.2 VAT – City Audit Services undertook an audit of the systems and controls in place to establish whether there is reasonable assurance that the liability for VAT in relation to Nottingham City Homes is correct.

VAT liability is calculated from the City Council's ledgers and the audit has therefore examined the controls within both NCC and NCH. A number of recommendations have been made, mostly in respect of medium level risks to be addressed by both NCC and NCH.

These have been considered by NCC and NCH management and actions to address have been agreed with appropriate timescales and responsibilities identified.

- 3.3 Payroll – City Audit Services reviewed the payroll systems as part of the approved annual Audit Plan.

The audit found that the controls in place were operating to a satisfactory standard. Some medium level risks relating to bonus scheme changes, non-productive time, access to data, and authorisation processes were identified.

NCH management have examined the recommendations and agreed the necessary actions. The report as submitted does not have timings for those actions, but the Interim Head of Finance has undertaken to ensure that these are added to the report in the next two weeks.

#### **4 OTHER OPTIONS**

- 4.1 Not applicable.

#### **5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 5.1 The consistent application of recognised control procedures will address a number of issues raised by the Audit Commission.

#### **6 VALUE FOR MONEY & EFFICIENCY ISSUES**

- 6.1 Compliance with key controls and procedures is an essential part of delivering efficiency and cost effectiveness.

#### **7 EQUALITY & DIVERSITY IMPLICATIONS**

- 7.1 None.

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

- 8.1 City Audit Services reports attached.

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**DATE:**