

AUDIT COMMITTEE

Minutes of the Meeting of the Committee held on **3 SEPTEMBER 2007** in the Board Room at Hounds Gate from 5.30pm to 7.15pm.

Present

Committee Members:

Anne Dean (Chair)

Margaret Pugsley

Valerie Schneider

Also in Attendance

Mick Ahern	- Audit Manager, NCC Internal Audit
David Angus	- Interim Director of Property Services
Steve Everson	- Interim Head of Finance
Julie Jones	- Director of Grant Thornton UK LLP – NCH Auditor
Janet Locker	- Governance Team Leader
Gill Moy	- Director of Housing Operations
Jo Wileman	- Director of Organisational Development

07/01 WELCOME, INTRODUCTIONS & CHAIRS ANNOUNCEMENTS

The Chair welcomed the new Committee to its first meeting and asked the Committee Secretary to report back on the quorate issue and the matter of co-options to the Committee.

07/02 APOLOGIES

Apologies were received from Shail Shal

07/03 DECLARATIONS OF INTEREST

None received.

07/04 MINUTES & NOTES OF THE MEETING 11 JUNE 2007

The minutes were adopted as a true record of the meeting.

07/05 MATTERS ARISING

The Audit Manager (AM) informed the Committee that following the completion of the Stores Audit, the Company did not have any insurance for stock held in the vehicles. In response, the Interim Director of Property Services confirmed that the matter of not having insurance was a normal risk for a Company to take.

07/06 APPOINTMENT & REMUNERATION OF EXTERNAL AUDITORS

The Interim Head of Finance (IHF) presented a report which detailed the appointment of Grant Thornton UK LLP (GT), following an invitation to tender. It was noted that NCC Chief Finance Officer was supportive of the appointment.

Julie Jones (JJ) confirmed that there would be a consistent approach to the treatment of the pension deficit provisions under FRS17, and that instead of providing a "comfort statement" a copy of GT accounts had been submitted.

The next stage was client acceptance and for the IHF to write to Baker Tilly and issue a final letter of engagement to GT. GT will produce an audit plan for financial year 2006/2007 for consideration by the Committee in March 2008.

The report was noted.

07/07 OUTSTANDING ACTIONS

The IHF presented a report which included a schedule of recommendations and actions from previous audit reports that remained outstanding. It was noted that a number of the items had been updated since the papers had been issued.

The Committee was informed that since the last meeting fourteen (14) actions had been completed, three (3) remained overdue and six (6) were due to be completed by the end of September 2007.

One item outstanding which related to VAT, IDPS confirmed that Plumblin Ltd was not required to register for VAT as their annual turnover was less than the required level of Sixty-four thousand pounds (£64K). NCH have an obligation to check the level of payments and should the average paid over a three month period exceed the anticipated level, the VAT office would be notified.

The Chair asked whether the finance system incorporated checking systems for detected of exceeding the VAT level. The AM advised that he would take the Committees comments back to NCC.

The report was noted.

07/08 INTERNAL AUDITORS' REPORTS

The Head of Finance presented a report which included three final audit reports. The Committee agreed the Payroll Report would be dealt with under confidential matters due to the sensitivity of the matter.

Vacant Property Management

A review of vacant property management processes and controls, which were identified as a critical area for the Company had been completed. An action plan had been produced which highlighted a number of mainly medium priority recommendations and one low priority recommendation. The Committee was informed that the Company had already identified some of the key recommendations and action had already been taken in relation to the re-structure of the team, review of the processes, procedures and policy and a new lettable standard had been produced.

VAT

The Audit Manager presented the report and explained that the report was requested following the voluntary disclosure of VAT by the Company. The Committee was informed that a review of the systems and controls had been undertaken to establish the correct amounts of VAT are paid to HMRC.

An action plan had been produced which identified eleven recommendations for NCC and NCH, four had already been completed and one had slipped, all other recommendations remain on target.

The reports were noted.

07/09 2007/2008 AUDIT PLAN

The Audit Manager presented a report and explained the background to the Internal Audit Service and presented the plan for 2007/2008.

The Chair asked AM to clarify the timing of the audits as the majority of the audits were marked for completion by early December 2007 with the exception of Cash Collection and NCH SX3 System IT Review which were marked for early September and October 2007 respectively. It was agreed that the AM would amend the timescales to show half will be reported by December 2007 and half by March 2008.

The Committee noted the report.

07/10 APPOINTMENT & REMUNERATION OF INTERNAL AUDITORS

The AM left the meeting.

The IHF presented a report which detailed the appointment of TIAA Ltd, as the Company's internal auditors, for a three year period commencing 1 April 2008. The letter of engagement and terms of reference are to be finalised.

The IHF is to formally notify the City Audit Services that the Service Level Agreement will terminate 31 March 2008.

The Committee noted the report.

The meeting closed at 7.15pm

Signed **Date**