

NOTTINGHAM CITY HOMES

REPORT OF INTERIM DIRECTOR OF FINANCE

AUDIT COMMITTEE
3 DECEMBER 2007

INTERNAL CONTROL ISSUES AUDIT REGISTER OF OUTSTANDING ACTIONS

1 SUMMARY

- 1.1 Attached to this report is the schedule of recommendations and actions from previous audit reports which are outstanding.

2 RECOMMENDATIONS

- 2.1 It is recommended that Members review the report and provide comment and feedback on the current status.

3 REPORT

- 3.1 An update was provided to members on 3rd September showing 32 recommendations. Of these recommendations 10 actions were logged as complete leaving 22 outstanding.

The latest version of the Internal Control Issues Audit Register includes an additional 50 recommendations made in the following Internal Audit reports received by the Audit Committee on 3rd September;

- Vacant Property Management (28);
- Value Added Tax (11); and
- Payroll (11).

Of the 72 recommendations included in the Audit Register, at the time of drafting the report 28 have now been fully implemented. Of the 44 recommendations still outstanding 32 have gone beyond their original target dates, largely due to issues associated with restructuring.

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 RISK ASSESSMENT

- 6.1 The Internal Control issues identified by NCH's auditors, which lead to the respective recommendations monitored in the Audit Register, are assigned an order of priority dependent on the risk they pose to NCH's Internal Control Systems and the achievement of its objectives. The priorities assigned are as follows;

Internal Audit

- High – A fundamental weakness which presents material risk to the audited body and requires urgent attention by management.
- Medium – A significant weakness whose impact or frequency presents an unacceptable risk to the audited body that should be addressed by management.
- Low – The audited body is not exposed to any significant risk, but the recommendation merits attention.

External Audit

- A – These matters require urgent management attention and are critical to the proper control of the system.
- B – These matters require attention in due course; these are important, but not critical, to the proper control of the system.
- C – These are matters that should be addressed after points “A” and “B”.

Of the 50 Internal Audit recommendations added to the Audit Register no recommendations were classed as being of High risk, however 43 were prioritised as Medium.

It is important when agreeing Internal Audit Recommendations that the nominated Principal Auditee and other responsible officers ensure that only Internal Audit issues which highlight significant weaknesses and represent an unacceptable risk to NCH’s system of internal control are accepted as being classified as ‘Medium’ priority.

7 VALUE FOR MONEY & EFFICIENCY ISSUES

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

8 EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 None.

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

- 9.1 Internal Audit reports; and
- 9.2 Update report of Interim Director of Finance 3rd September 2007.

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