

## NOTTINGHAM CITY HOMES

### REPORT OF DIRECTOR OF FINANCE, ICT AND GOVERNANCE

AUDIT COMMITTEE  
3 MARCH 2008

### 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 3<sup>rd</sup> December showing 72 recommendations. Of these recommendations 28 actions were logged as complete leaving 44 outstanding.

The latest version of the Internal Control Issues Audit Register includes an additional 28 recommendations made in the following Internal Audit reports received by the Audit Committee on 3<sup>rd</sup> December;

- Creditors (4);
- SX3 Housing Modules (6); and
- Cash Collection (5)
- Housing Rents (6)
- Housing Repairs (4)
- Payroll (3).

Of the 72 recommendations included in the Audit Register, at the time of drafting the report 25 have now been fully implemented. Of the 47 recommendations still outstanding 31 have gone beyond their original target dates, largely due to the following reasons:

- Company restructuring;
- Delays in the Property Services Tender; and
- Lack of accountability amongst responsible officers.

#### 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 28 Internal Audit recommendations added to the Audit Register 8 were classed as being of High risk, 14 as Medium risk and the remaining 6 recommendations were prioritised as being Low risk.

It is important when agreeing Internal Audit recommendations that the nominated Principal Auditee and/or responsible officers ensure that the priority levels associated with each recommendation and included in the final report accurately reflect the true risk to NCH's system of internal control and of achieving its business objectives.

## **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 City Audit Services Internal Audit reports; and

9.2 Update report of Interim Director of Finance 3<sup>rd</sup> December 2007.

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