

## NOTTINGHAM CITY HOMES

AUDIT COMMITTEE  
3 MARCH 2008

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

#### FINAL AUDIT REPORTS

#### 1 SUMMARY

- 1.1 Attached to this report are 4 final internal audit reports submitted by City Audit Services:-
- One World Security and Privacy IT Audit
  - Risk Management
  - Allocations and Lettings
  - Use of Lagan Frontline (Contract Centre IT System)
- 1.2 The following audit report is to be dispatched by City Audit Services as a late agenda item:-
- Performance Indicators and Management Information Systems

#### 2 RECOMMENDATIONS

It is recommended that members:-

- 2.1 Note the content of the 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 One World Security and Privacy IT Audit – City Audit Services have reviewed access to the One World system to provide assurance that there are adequate controls in place to ensure data security, data processing integrity and appropriate user access.

It was found that there is scope for significant improvement in the Company's One World Security and Privacy IT arrangements and Internal Audit provided only limited assurance that risk is being adequately controlled. The report includes 3 High risk recommendations designed to address weaknesses in the arrangements for the privacy of data and the contingency arrangements relied upon in the event that the OneWorld application cannot be accessed or used.

- 3.2 Risk Management – City Audit Services have reviewed the arrangements in place for risk management to provide assurance that best practice is embedded within the Company.

It was found that there is scope for significant improvement in the Company's risk management arrangements and Internal Audit raised 17

recommendations designed to address weaknesses identified during the review. The report reflects the fact that little has been done to monitor progress in establishing robust risk management arrangements or embed them throughout the organisation since the Company's Risk Management Framework was established in March 2007.

A review of current risk management arrangements, including an immediate response to the weaknesses highlighted in the Internal Audit risk management report, is currently underway within Finance and a target date of May 2008 has been agreed for the full implementation of all but 3 of the recommendations.

The Director of Finance, ICT and Governance will present a report on risk management at the next Audit Committee meeting which will include an updated version of the Risk Management Framework together with a Risk Management Project Plan.

- 3.3 Allocations and Lettings – City Audit Services have reviewed the controls over Allocations and Lettings to provide assurance that the systems are operating effectively.

In summary, they found that good progress has been made towards successful implementation of an allocations control framework. However, several key weaknesses were identified during the review and a number of these including issues in relation to declarations of interest, CBL new tenant reconciliations, the administration of applications and accelerations and the retention of supporting evidence were previously highlighted in the 2006/07 Allocations Internal Audit report. Of the 23 recommendations included in the report 9 have been prioritised as being of a 'High' risk to the Company.

- 3.4 Use of Lagan Frontline (Contact Centre IT System) – City Audit Services have reviewed the controls over the implementation and operation of Lagan Frontline software to provide assurance on the privacy of data and protection against unauthorised access.

It was found that there is scope for significant improvement in the Company's Contact Centre IT system arrangements and Internal Audit provided only limited assurance on the effectiveness of IT security controls. Improvements in user management, password controls, general documentation and service level agreements are required to comply with both internal security policies and statutory obligations under the Data Protection Act 1998.

It should be noted that the software has only been operational for approximately 9 months and an audit at such an early stage would be expected to highlight some deficiencies.

- 3.5 Performance Indicators and Management Information Systems\* – City Audit Services have reviewed the systems used to support the collection of data and the production of performance information to provide assurance that these systems are operating effectively.

\* - Report to be dispatched as a late agenda item.

3.6 Management responses, together with responsible officers and timescales for implementation, have been agreed with Internal Audit for all the recommendations raised in the attached reports.

#### **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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