

NOTTINGHAM CITY HOMES

AUDIT COMMITTEE
10 JUNE 2008

REPORT OF DIRECTOR OF FINANCE, ICT AND GOVERNANCE

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 March showing 72 recommendations. Of these recommendations 30 actions were logged as complete leaving 42 outstanding.

The latest version of the Internal Control Issues Audit Register includes an additional 61 recommendations made in the following Internal Audit reports which were received by the Audit Committee on 3rd March (or during subsequent associated follow-up Committee meetings);

- Risk Management (17);
- One World Security and Privacy IT Audit (3);
- Allocations and Lettings (23); and
- Use of Lagan Frontline (Contract Centre IT System) (8); and
- Performance Indicators & Management Information Systems(10)

Of the 103 recommendations included in the Audit Register, at the time of drafting the report, 67 had been fully implemented. Of the 36 recommendations still outstanding 25 have gone beyond their original target dates.

This demonstrates a noticeable improvement in performance compared to the position reported to the Previous March Audit Committee i.e. 47 of the 72 recommendation were outstanding and 31 had gone beyond their original target dates.

However, there is still considerable scope for improvement, mainly through responsible officers taking ownership of the implementation of their respective audit recommendations and being committed to achieving the original agreed target dates.

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 103 Audit recommendations included on the Audit Register 34 were classed as being of High risk, 53 as Medium risk and the remaining 16 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 the achievement of 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;

9.2 Audit Register - June 2008; and

9.3 Update report of Director of Finance, ICT & Governance 3rd March 2008.

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