

**NOTTINGHAM CITY HOMES****AUDIT COMMITTEE  
14 JULY 2008****REPORT OF DIRECTOR OF FINANCE, ICT AND  
GOVERNANCE****FINAL INTERNAL AUDIT REPORTS****1 SUMMARY**

1.1 Attached to this report are 3 final internal audit reports submitted by TIAA Ltd:

- Appraisal Review of the Tenant Participation Arrangements
- Appraisal Review of the Anti Social Behaviour Arrangements
- Review of the Rent Arrears Arrangements

1.2 These are the first reports submitted to Audit Committee by TIAA who were appointed to be NCH's Internal Auditors through a competitive tender process during September 2007.

1.3 TIAA give an evaluation of the effectiveness of the risk mitigation arrangements for each audit completed. The table below gives the evaluation for each of the reports on this agenda

Report	Evaluation
Appraisal Review of the Tenant Participation Arrangements	Reasonable Assurance
Appraisal Review of the Anti Social Behaviour Arrangements	Limited Assurance
Review of the Rent Arrears Arrangements	Reasonable Assurance

1.4 There are four possible evaluations of the effectiveness of risk mitigation arrangements:

- Substantial Assurance
- Reasonable Assurance
- Limited Assurance and
- No Assurance

And the definitions of each of these are contained within each audit report.

**2 RECOMMENDATIONS**

It is recommended that members:-

2.1 Note the content of the reports; and

- 2.2 Agree the recommendations made by TIAA and commitments made by NCH to address all the required actions.

### 3 REPORT

- 3.1 Appraisal Review of the Tenant Participation Arrangements - TIAA has reviewed the Tenant Participation arrangements at Nottingham City Homes. The review was carried out in April 2008 as part of the planned internal audit work for 2008/09.

One Key Risk Mitigation Objective was tested and based on the findings from this work an overall evaluation of the overall adequacy of the corporate governance and risk management was established as reasonable assurance.

The following significant matters were identified which need to be addressed in order to strengthen further the control environment:

- Regular reporting on tenant participation activity be presented to the Board or the Performance and Regulatory Committee.

- 3.2 Appraisal Review of the Anti Social Behaviour Arrangements - TIAA has reviewed the Anti Social Behaviour arrangements at Nottingham City Homes. The review was carried out in May 2008 as part of the planned internal audit work for 2008/09.

One Key Risk Mitigation Objective was tested and based on the findings from this work an overall evaluation of the overall adequacy of the corporate governance and risk management was established limited assurance.

The following significant matters were identified which need to be addressed in order to strengthen further the control environment;

- ASB has not been considered within the Company's risk mapping process.
- A summary of the statement of policies is not available.
- The documented procedures do not give clear instructions to staff on the actions to be taken when dealing with cases.

- 3.3 Review of the Rent Arrears Arrangements - TIAA has reviewed the Rent Arrears arrangements at Nottingham City Homes. The review was carried out in April 2008 as part of the planned internal audit work for 2008/09.

Two Key Risk Control Objectives were identified and tested and based on the findings from this work an overall evaluation of the overall adequacy of the internal controls was established as reasonable assurance.

The following significant matters were identified which need to be addressed in order to strengthen the control environment;

- Cash handling, security and safe code access to be

reviewed in the regional offices.

- The methods of monitoring controls and management actions to be identified within the risk map.
- Any exceptions to the documented procedures to be authorised through the Northgate system.
- The list of system users be reviewed and users removed and/or access rights amended where applicable.
- Procedures for the action to be taken in the event of a default in instalment payments to be documented.

3.4 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 TIAA Ltd reports attached.

**CONTACT OFFICERS:** Julie Crook,  
Director of Finance, ICT and Governance  
14 Hounds Gate,  
Nottingham,  
NG1 7BA  
Tel: 0115 915 7378  
E-mail: [julie.crook@nottinghamcityhomes.org.uk](mailto:julie.crook@nottinghamcityhomes.org.uk)

**DATE: 7 July 2008**