

## NOTTINGHAM CITY HOMES

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

AUDIT COMMITTEE  
29 September 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 or that have been completed since the previous Audit Committee (June 2008).

#### 2 RECOMMENDATIONS

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

#### 3 REPORT

- 3.1 An update was provided to members on 3<sup>rd</sup> June showing 103 recommendations. Of these recommendations 66 actions were logged as complete leaving 37 outstanding.

The latest version of the Internal Control Issues Audit Register includes an additional 39 recommendations made in the following Internal Audit reports which were received by the Audit Committee on 3<sup>rd</sup> March (or during subsequent associated follow-up Committee meetings);

- Appraisal review of Tenant Participation arrangements (9);
- Appraisal review of ASB behaviour arrangements (4);
- Review of Rent Arrears arrangements (16); and
- Grant Thornton (External Audit) Key Issues Memorandum (10)

Of the 76 recommendations included in the Audit Register, at the time of drafting the report, 27 had been fully implemented. Of the 49 recommendations still outstanding 31 have gone beyond their original target dates.

It is vital that responsible officers continue to take ownership of the implementation of their respective audit recommendations and remain committed to implementing agreed actions in advance of the original agreed target dates to ensure improvements in performance are maintained.

## **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 by our previous Internal Auditors (up to 31 March 2008) 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.

The priorities assigned to the recommendations raised by our new auditors are now defined as;

### TIAA Ltd - Internal Audit

- Urgent – A fundamental control issue on which action should be taken immediately.
- Important – A control issue on which action should be taken at the earliest opportunity.
- Routine – A control issue on which action should be taken.

### Grant Thornton UK LLP - External Audit

Not Applicable - Grant Thornton have not assigned an order of priority to the recommendations made in response to the key matters arising from their audit of the 2007/08 financial statements

Of the 66 Internal Audit recommendations included on the Audit Register 14 were classed as being of a High/Urgent priority, 38 as a Medium/Important priority and the remaining 14 recommendations were prioritised as Routine/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 TIAA Ltd Internal Audit reports;

9.2 Grant Thornton UK LLP Key Issues Memorandum;

9.3 Audit Register - September 2008; and

9.4 Update report of Director of Finance, ICT & Governance 3<sup>rd</sup> June 2008.

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