



NOTTINGHAM CITY HOMES

FOLLOW UP REVIEW

Report issued:	February 2009
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Audit Plan:	2008/09
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The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Business Assurance

Follow Up Review

- EXECUTIVE SUMMARY -

INTRODUCTION

1. This follow up review by TIAA established the management action that has been taken in respect of the high level recommendations arising from the internal audit reviews listed below at Nottingham City Homes. The review was carried out in October 2008.

Review	Year	Date presented to the Audit Committee
SX3 Housing Module	2007/08	December 2007
Use of Lagan Frontline	2007/08	March 2008
Allocation and Lettings	2007/08	March 2008
Risk Management	2007/08	March 2008
Housing Repairs	2007/08	December 2007
Oneworld Security and Privacy	2007/08	March 2008

KEY FINDINGS

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions (figure 1 below) taken to date have been identified.

Figure 1- Summary of the action taken on Recommendations made

Evaluation	Number of Recommendations
Implemented	21
In process of being implemented	10
Not applicable	1
Not implemented	1

3. The key issue identified was that there are still issues with the completeness of tenancy house files.

SCOPE AND LIMITATIONS OF THE REVIEW

4. To establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.



5. The review considered the progress made in implementing the recommendations made in the previous internal audit reports. All previous internal audit recommendations given a "high" priority were reviewed.
6. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
7. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

RELEASE OF REPORT

8. The table below sets out the history of this report.

Date draft report issued:	29 th October 2008
Date management responses recd:	17 th February 2009
Date final report issued:	18 th February 2009

- DETAILED REPORT -

FOLLOW UP

9. Management representations were obtained on the action taken to address the recommendations. Only limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been implemented, or are still in the process of being implemented:

10.	System – SX3 Housing Module	<p>From the review of the documentation and checks carried out the assessment is:</p> <ul style="list-style-type: none"> • implemented 3 • in process of being implemented 1 • no longer applicable - • not implemented -
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10.1	Recommendation
A data sharing agreement covering the operation of Homelink should be put in place and signed up to by all the partners.	
Action taken	
In the process of being implemented.	
Audit Observation:	
A project for the arrangement of all data sharing protocols is ongoing with NCC Information Governance team.	

11.	System – Housing Repairs	<p>From the review of the documentation and checks carried out the assessment is:</p> <ul style="list-style-type: none"> • implemented 3 • in process of being implemented 1 • no longer applicable - • not implemented -
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11.1	Recommendation
Ensure the revised procedures enable the policies to be consistently and effectively applied to cases of tenant damage.	
Action taken In the process of being implemented.	
Audit Observation: The rechargeable repairs team are awaiting an IT update and the new procedures cannot be written until this has been completed.	

12.	System – Risk Management	<p>From the review of the documentation and checks carried out the assessment is:</p> <ul style="list-style-type: none"> • implemented 6 • in process of being implemented 1 • no longer applicable - • not implemented -
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12.1	Recommendation
The Audit Committee should receive risk management awareness training.	
Action taken In the process of being implemented.	
Audit Observation: To be undertaken at the next Company Away Day in November 2008.	

13.	System – Use of Lagan Frontline	<p>From the review of the documentation and checks carried out the assessment is:</p> <ul style="list-style-type: none"> • implemented 1 • in process of being implemented 1 • no longer applicable 1 • not implemented -
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13.1	Recommendation
<p>In order to enforce segregation of duties the transfer of User Management to the IT Helpdesk is recommended. However, authorisation and certification of access should remain the responsibility of the relevant NCH service manager and authorisation compliance reviews need to be an integral part of the process.</p>	
<p>Action taken</p> <p>In the process of being implemented.</p>	
<p>Audit Observation:</p> <p>This is part of an SLA review which is currently being undertaken and is expected to be completed by March 2009.</p>	

13.2	Recommendation
<p>Client audit logs should be subject to normal backup and restoration process.</p>	
<p>Action taken</p> <p>Not applicable.</p>	

14.	System – One World Security and Privacy	<p>From the review of the documentation and checks carried out the assessment is:</p> <ul style="list-style-type: none"> • implemented 1 • in process of being implemented 2 • no longer applicable - • not implemented -
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14.1	Recommendation
<p>NCH should produce a medium to long-term strategy, in conjunction Nottingham City Council, to ensure that the risks associated with service delivery and data privacy are addressed.</p>	
<p>Action taken</p> <p>In the process of being implemented.</p>	
<p>Audit Observation:</p> <p>To be completed once the use of the One World system has been assessed.</p>	

14.2	Recommendation
In the short-term the NCH should liase with City Council in order that a Data Sharing agreement can be drawn up.	
Action taken In the process of being implemented.	
Audit Observation: A project for the arrangement of all data sharing protocols is ongoing with NCC Information Governance team.	

15.	System – Allocations and Lettings	<p>From the review of the documentation and checks carried out the assessment is:</p> <ul style="list-style-type: none"> • implemented 7 • in process of being implemented 4 • no longer applicable - • not implemented 1
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15.1	Recommendation
The Housing Registration & Allocations Manager should liase with the City Council to ensure that any priority they request for applicants is within the Policy with regard to manual offers of a property to an owner occupiers whose property is to be purchased as part of regeneration schemes.	
Action taken In the process of being completed.	
Audit Observation: A policy amendment has been proposed to the City Council.	

15.2	Recommendation
City Councillors should be given the opportunity to consider whether and what priority should be given to owner occupiers selling their property as part of a regeneration scheme, and amend the Allocations Policy if necessary.	
Action taken In the process of being completed.	
Audit Observation: A policy amendment has been proposed to the City Council.	

15.3	Recommendation
The Housing Registration & Allocations Manager should ensure that Central Allocations Officers are trained in the policy.	
Action taken	
In the process of being implemented.	
Audit Observation:	
This will be trained in once the new policy has been agreed.	

15.4	Recommendation
NCH should introduce a document imaging system to ensure adequate security of documentary evidence.	
Action taken	
In the process of being implemented.	
Audit Observation:	
To be implemented once the IT strategy has been completed.	

15.5	Recommendation
An effective change programme should be set up to remove the counter-culture existing within the company which results in failure to place appropriate documentation on file, loss of documentation from files, misfiling, and loss of files.	
Action taken	
Not implemented.	
Audit Observation:	
A tenancy file audit was conducted in the area housing offices in March 2008. This report concluded that no significant progress had been made in ensuring that tenancy files are up to date and in order. A further audit of Allocations and Lettings by TIAA in July 2008 identified missing or incomplete documentation in 20 out of 48 house files reviewed.	

	Recommendations:	Priority
16.1	The project for the arrangement of data sharing protocols be completed.	2
16.2	The rechargeable repairs procedures be updated once the IT update is completed.	2



16.3	Risk management awareness training be provided to the Audit Committee at the next company away day.	2
16.4	The IT SLA review be completed.	3
16.5	A medium to long-term strategy be produced, once the use of the One World system has been assessed, to ensure that the risks associated with service delivery and data privacy are addressed.	2
16.6	The allocations policy amendment be approved by the City Council.	2
16.7	The Central Allocations Officers be trained in the new policy once it has been agreed.	2
16.8	A document imaging system be implemented once the IT strategy has been completed.	2
16.9	Further work be undertaken to ensure the completeness of tenancy files is maintained and that all appropriate documentation is retained.	1
