

APPENDIX B – INTERNAL CONTROL ISSUES AUDIT REGISTER

INTERNAL AUDIT RECOMMENDATIONS

Audit & Date of Issue	REF	Recommendations	Prior-ity	Initial TargetDate	Agreed Mgt Response	Current Status	Officer (Revised Date)
PAYROLL AUGUST 2007		Authorised Signatories List					
	1	An authorised signatories list covering payroll should be made available to appropriate staff in Nottingham City Homes and the Council.	Medium	November 2007.	Current list of signatories to be provided. This will then be reviewed and updated following implementation of Organisational Development restructuring.	A list of authorised signatories covering payroll is maintained by the DLO Payroll team and updated for newly promoted/appointed officers and on an annual basis.	Simon Martin – Head of Finance {Property} (Re-assigned July 2009) (Previously Mary Mayes - Head of HR). (End of March 2009).
	2	A data sharing agreement covering the operation of HomeLink should be put in place and signed up to by all the partners.	High	January 2008	Agreed. This will also be part of the wider review of data sharing and retention across the company by the Governance Team. Specific HomeLink responsibility rests with the Allocations Manager.	A Task Group has been formed and all members of the Group will be requested to sign up to a Memorandum of Understanding where the members agree in principle to share data where the provisions of the Data Protection Act 1995 permits data sharing in particular circumstances. As at 17 June 2009, the MOU was being drawn up by the chair of the Group for circulation and agreement in principle by end of July 2009.	Alison Mapp – Company Secretary. (End of July 2009).
RISK MANAGEMENT FEBRUARY 2008	3	The Audit Committee should receive risk management awareness training.	High	May 2008	Action agreed. Training timetable for Board to be finalised.	COMPLETE Risk Management training for all Company Managers and Board Members was completed on 7 th May 2009.	Julie Crook – Director of Finance, ICT and Governance (May 2009)

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	4	The risk project plan should recognise the need to introduce formal risk management into project management, partnerships and large contracts, aligned to the principles adopted for business risk management where it is appropriate to do so. It is recognised that this objective may have to be deferred until business risk management has taken a foothold.	Low	August 2008	Action agreed.	COMPLETE The RMF has been revised and approved by Audit Committee (12 th May) and Board (21 st May).	Julie Crook – Director of Finance, ICT and Governance (May 2009)
ONEWORLD SECURITY AND PRIVACY FEBRUARY 2008	5	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.	High	June 2008.	NCH is well aware of the risks highlighted. Strategy to be developed with the Council, with a preliminary timescale of agreeing the principles June 2008, subject to Council acceptance of the timescale. This will determine whether the solution is OneWorld upgrade or another option.	Service delivery and security issues cannot be addressed until the OneWorld system is either updated (schedule for 20010/11) or replaced. As the OneWorld system is owned by the City Council and only accessed by NCH through the terms of an SLA, further progress is unlikely to be made with the recommendation until 2010/11. Replacing the system would not currently provide VFM and doing so is deemed to be a 'high risk' to the Company. For these reasons it is proposed that the recommendation is	Julie Crook - Director of Finance, ICT and Governance. (2010/11).

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	6	In the short-term the NCH should liaise with City Council in order that a Data Sharing agreement can be drawn up.	High	May 2008	Action agreed.	removed from the Audit Register. To be incorporated into Application Hosting SLAs for shared applications.	Robert Allen - Head of ICT (End of September 2009).
ALLOCATIONS AND LETTINGS FEBRUARY 2008	7	<p>a) The Housing Registration & Allocations Manager should liaise with the City Council to ensure that any priority they request for applicants is within the Policy.</p> <p>b) 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.</p> <p>c) The Housing Registration & Allocations Manager should ensure that Central Allocations Officers are trained in the policy.</p> <p>d) All 50 manual offers in respect of clearance schemes should be reviewed.</p>	High	March 2008	<p>Policy amendment to be proposed to the City.</p> <p>The City to be asked to co-ordinate and respond to this recommendation (through Sue Lomax).</p> <p>Once policy confirmed, all staff to be trained and IT procedures / policy updated.</p> <p>To be part of report provided to City in a) above.</p>	<p>COMPLETE The City Council is leading on this Policy change. Consultation has taken place with NCH and policy amendment proposed.</p> <p>Further analysis is being carried out before recommendation for changes are submitted to Executive Board. NCH leading on the analysis.</p> <p>Once the policy is approved training will take place for appropriate NCH Officers. Target date revised in line with b) above.</p> <p>COMPLETE Manual offers reviewed and 3 of these relate to owner occupiers. No further moves for owner</p>	<p>Sue Lomax - Allocations Co-ordinator. (End of May 2008).</p> <p>Pat Greenwell (NCC Officer) (End of March 2010).</p> <p>Sue Lomax - Allocations Co-ordinator. (End of March 2010).</p> <p>Sue Lomax - Allocations Co-ordinator.</p>

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						occupiers will be arranged until the City confirm the approved policy change.	(End of March 2008).
	8	NCH should introduce a document imaging system to ensure adequate security of documentary evidence. (Recommendation 23 restated from 2006 audit report, 5.3.09 from 2004 audit report).	High	June 2008	The EDRM system budget (£130k Capital) has been approved (from Development Bid fund) and the IS Strategy, that we have awaited to help guide such large investment decisions will be involved with EDRMS, is nearing completion. Project is scheduled to be implemented this year (2008) once appropriate partner resource has been secured to project manage, procure and deliver the project.	IS Strategy is now complete. EMT has classified Corporate EDRMS as a high priority project. A tactical Document Imaging Solution will be considered as part of the CBL Re-implementation project. Project delayed – awaiting outcome of Allocations Policy Review.	Robert Allen - Head of ICT (Outcome of APR – End of August 2009. Target for recommendation implementation TBC post completion of APR).
	9a)	When NCH staff create a new waiting list application they have previously been advised by Housing ICT that they must undertake a person search of the system prior to commencing the registration process. This would solve the issue of missing application numbers from the sequence, and ensure that no duplicate applications are created, and	Medium	March 2008	An internal test of this has taken place and it is suggested changes to the IT system are made to support the potential error. A change control request will be made.	CBL reimplementation target for completion has been amended to reflect changes needed as part of Allocation Policy Review. In the meantime security and access has been restricted which should minimise the accidental creation of application numbers.	Sue Lomax - Allocations Co-ordinator. (End of April 2010).

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		that tenancy history is not obscured. (Updated recommendation from 2004 audit report).					
	9b)	b) NCH should review access to the Housing System against current job roles and arrange for access to create applications to be restricted to those who create applications as part of their role. This may involve creation of a new security profile and amendment of the existing HSG_REREG profile.	Medium	March 2008	Testing found that the person search was being used. The IT system requires access control to avoid the impact on sequential numbering. A Change Control Request to be submitted	<p>COMPLETE</p> <p>Request made for change to the system. Amendments have still to be actioned by IT and further system development may be needed which will be incorporated with the wider Business Process Review of HomeLink and Allocations.</p> <p>Removal of Authority cannot be from present users to create applications has been delayed due to resource issues within TEM and Voids and Allocations.</p> <p>Delays have been incurred in relation to the completion of the overall review, however IT implementation is in progress.</p>	Elaine Crofts – HomeLink Team Leader (End of January 2009).
<p>PERFORMANCE INDICATORS AND MANAGEMENT INFORMATION SYSTEMS</p> <p>FEBRUARY 2008</p>	10	Management review of the recalculated performance should be undertaken. The review should ensure that the adjustments had been applied in accordance with the Audit Commission advice, that the exemptions have been consistently	Medium	31 st March 2008	Agreed and being applied to recalculation process.	Following HouseMark consultation, a set of PI definitions has been agreed by the ALMO Benchmarking club. The BID team has carried out a review of the ART calculation and have applied the definition as agreed by HouseMark members. The new definition has been in place since	<p>Connie Hall – Interim Head of Performance and Business Improvement.</p> <p>(End of April 2009).</p>

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		applied by all staff and that the exemptions applied meet the overall test of reasonableness. The management review should also ensure that adequate support is available to demonstrate the work is covered by the exemption and that the number of days being excluded is accurate.				April 2009. The ART PI will be audited by the BID team during 2009/10 as part of the quality assurance programme. The exemptions currently being applied to the ART meet the overall test of reasonableness as set out by HouseMark.	
APPRAISAL REVIEW OF ANTI-SOCIAL BEHAVIOUR ARRANGEMENTS JULY 2008	11	The use of diversionary projects for youths, such as football clubs or IT drop-in centres and reward schemes for tenants with a record of a well conducted tenancy be considered.	3	30 th September 2008	Identified as a gap at KLOE self assessment workshops to be considered as part of TEM SIP.	COMPLETE Diversionary project – Included in SIP –TEM 2.4. Reward Scheme – included in Customer Care SIP. NCH has also explored feasibility of establishing a diversionary scheme in partnership with RSL's.	Kathy Mason – ASB Co-ordinator and Kim De Vergori – AD TEM (End of April 2009)
	12	Consideration be given to including the following costs within ASB budget: Lost of rental income from voids; Maintenance costs for void and tenanted properties; Service cost for communal areas; Compensation payments; Re-housing costs; Mediation and support services;	3	30 th September 2008	To be considered as part of TEM SIP and ASB Service Review.	COMPLETE Implementation of service improvement is included in TEM SIP – reference TEM 3.16. Consideration has been given to re-allocating budgets. NCH has an ASB team of 1(ASB co-ordinator) and re-delegating budgets is not deemed to add value to service delivery or improve budgetary control i.e. budgets should remain within current service areas.	Kathy Mason – ASB Co-ordinator and Kim De Vergori – AD TEM (July 2009)

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		Staff time; Increased insurance premiums and higher excesses.					
APPRAISAL REVIEW OF TENANT PARTICIPATION ARRANGEMENTS JULY 2008	13	Information on tenant associations and Company budgets and actual spend with regard to Tenant Participation be provided to tenants via a monthly newsletter.	3	July 2008	This information will be published in the newsletter and on the website.	Consultation has yet to take place. Budgets have been devolved down to forum level. Newly appointed T&LI Manager to review the process and ensure this is included on the website and in newsletter. TLC is currently under review and the inclusion of the budget breakdown is to be incorporated into this review.	Carole Donnelly Tenant and Leaseholder Involvement Manager. (End of Sept 2009)
	14	Reference be made within the Tenant and Leaseholder Congress Constitution to whether attendance of Company staff is by invitation only.	3	July 2008	Amendments to the Constitution to address this will be raised at the next meeting of the Tenants and Leaseholders Congress	TLC have advised that they want a full days consultation event to be held to review all constitutions, terms of reference and codes of conduct. Newly appointed T&LI Manager to arrange an away day for August, review the constitution at this event and subsequently contact Governance to check and agree the new format. Proposed to be signed off at Sept TLC meeting.	Carole Donnelly Tenant and Leaseholder Involvement Manager. (End of Sept 2009)
HIGH LEVEL REVIEW OF THE PAYMENTS, PAYROLL & INCOME ARRANGEMENTS	15a)	The operation of the inter-company account be reviewed to establish confidentiality of NCH payroll data.	1	2010/11	Continued use of the One World application is due to be assessed against NCH's future requirements, which will become clearer in the longer term. This	See recommendation 5 and related current status above.	Julie Crook – Director of Finance, ICT and Governance (2010/11)

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AUGUST 2008					process will include consideration of the risks associated with service delivery and ongoing data privacy issues, but will be dependent on the timetable of actions associated with the implementation of the City Council's IT Strategy.		
	15b)		1	End of September 2008	Consideration to be given to the possibility of amending the data transferred from the payroll system to the ledger to improve confidentiality.	COMPLETE Inclusion of employee names on payroll to ledger data transfer is vital for efficient and effective monitoring of payroll costs and for subsequent monitoring of individual member of staff expense claims in the future – see Ref 54 below.	As above.
	16	Documented procedures be amended to make reference to: - - Periodic reconciliation of employees held on the HR system to the payroll system. - All amendments to standing payroll master file information are authorised. - The association's payroll procedures and computer	2	End of December 2008	The Company is currently reviewing and updating its financial policy and procedure documents. Existing or newly established documents will be updated to address the current weaknesses identified by recommendation 16.1.	Agreed management actions have been delayed and new target date established.	Mary Mayes – Head of Human Resources (End of August 2009)

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		systems programs do not permit payment to any employee unless an authorised post is recorded. - The salaries and wages payroll tabulations are approved by an authorised member of staff for all employees in receipt of an amendment to their basic gross pay resulting from agreed bonus awards and national pay award settlements.					
	17	Ongoing monitoring be carried out by the Finance Department to identify any significant changes in individual member of staff claims.	3	End of March 2009	The City Council is in the process of introducing the payment of all staff expenses through the payroll system. NCH is hoping to adopt a similar system which will facilitate the review of staff expenses by individual employees and enable finance to monitor significant changes.	NCH has drafted a new Employee Expenses policy and had discussions with NCC about processing all expenses through the payroll system which will enable monitoring of individual member of staff claims. Implementation will be completed post consultation with the Unions.	Darren Phillips – Head of Finance (Company) (End of September 2009)
	18	Emergency payroll procedures be documented.	3	End of December 2008	The Company is currently reviewing and updating its financial policy and procedure documents. Existing or newly established	Agreed management actions have been delayed and new target date established.	Mary Mayes – Head of Human Resources (End of August 2009)

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					documents will be updated to address the current weaknesses identified by recommendation 16.1.		
REVIEW OF THE ALLOCATIONS AND LETTINGS ARRANGEMENTS SEPTEMBER 2008	19	Consideration be given to applying reasonable segregation of duties with regards to the maintenance of the waiting list and the allocation of the garages.	3	TBC	Although it is recognised that the recommendation is best practice, owing to staffing resource levels in Area Housing Offices responsible for garage management, coupled with the surplus of garage stock available to let in most areas, this recommendation is not considered feasible at this time.	Currently under consideration due to reassignment of responsibility. A draft garage strategy has been produced for NCC, no further action can be taken re: this recommendation until the outcome of this is known.	Kim De Vergori – Assistant Director TEM (TBC)
APPRAISAL REVIEW OF THE GOVERNANCE ANTI-FRAUD ARRANGMENTS SEPTEMBER 2008	20	The a Whistle Blowing policy be amended to include reference to: - <ul style="list-style-type: none"> • Staff having access to confidential advice from an independent body, • Providing for a confidential hot-line for persons to use to report concerns • Contacting a person who is independent of the Company. 	2	End of December 2008	The recommendations are noted however staff to be advised to raise any issues with the Company Secretary and/or the Chief Executive in the first instance. If the issue is serious then there are appropriate external agencies which staff can contact e.g. police	Currently being reviewed by NCH and NCC. Reporting lines may need to be re-considered so as to ensure no conflict between Company Secretary and Company Solicitor roles.	Alison Mapp – Company Secretary (End of August 2009)

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	21	<p>The disciplinary policy be amended to make reference to:</p> <ul style="list-style-type: none"> • Actions that will be taken when a member of staff is suspended (e.g. return all keys, return property held off site, not to enter premises or talk to staff other than the designated person), • That the contents of desk and files (manual and computer) may be searched subsequent to the person being suspended, • That any breach of the terms of suspension will be treated as a serious act of misconduct, • Action that may be taken to members of staff who are related to a person who is suspended, • Action that may be taken in the event of the person who is subject to disciplinary action being on sick leave. 	2	End of October 2008	The disciplinary policy is currently being revised with the trades unions. These recommendations will be Incorporated into the document for final agreement.	Agreed management actions have been delayed and new target date established.	<p>Mary Mayes – Head of Human Resources</p> <p>(End of August 2009)</p>
	22	An Anti Fraud Training and Awareness Policy be	2	End of December	Board members training to be	Board Training Programme currently under review with the	Alison Mapp – Company

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		<p>produced. The following points should be considered for inclusion:</p> <ul style="list-style-type: none"> • The induction process should include the raising of awareness of the anti-fraud policy and associated policies. • Senior Managers should be given training on the action to be taken if they suspect a fraud. • Board members should be given training on their role and the opportunities to detect fraud, particularly in relation to asking for additional information and/or advising the Chair. • Have staff responsible for co-ordinating complaints been provided with training on how to assess whether the complaint may be alluding to an irregularity/fraud and if so does it include setting out the actions they are to take on the receipt of such a complaint. • The anti-fraud and disciplinary policies are 		2008	<p>organised in accordance with the Board members development training plan.</p> <p>Company awareness and training to be co-ordinated by the Head of HR (Mary Mayes)</p>	<p>Organisational Development and Learning Team.</p> <p>Risk management training was delivered to all Company Manager's and Board Members in May 2009.</p>	<p>Secretary (End of July 2009)</p>

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		reviewed after each actual or attempted fraud.					
	23	<p>An Access to Records Policy be produced which explicitly explains to staff that the Company reserves the right to monitor all e-mails and computer records that have been created on the Company's computer systems. Additional information, which should be considered for inclusion, is detailed below:</p> <ul style="list-style-type: none"> • That in the event of being suspended pending an investigation access will be gained to lockers and work station drawers should the need arise. • As a condition of employment, staff consent to the examination of the use and content of all data/information processed and/or stored by the staff member on the Company's systems as required. • All information/data held on the Company's systems is deemed the property of The 	2	End of December 2008	<p>Recommendations to be reviewed and current procedures to be reviewed and amended as appropriate (Governance Team and HR).</p> <p>To be considered on the review of the disciplinary policy – see 21 above).</p> <p>Also note that all employees are currently notified of monitoring and requirement to comply with Company policies, procedures and legislation on computer usage and property rights. (Acceptance of policies etc is deemed on logging on to system following on-screen reminder).</p>	Target date and scope to be agreed in conjunction with the Director of Organisational Development.	<p>Alison Mapp – Company Secretary</p> <p>See 21 above.</p>

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		<p>Company.</p> <ul style="list-style-type: none"> • That the Company retains the right to access and view all emails sent and received by the Email system. This right is exercised solely through the ICT Department/ICT Services Provider on the instructions of a member of senior management. • That the Company retains the right to monitor Internet usage by staff. • As a condition of employment all staff consent to the examination of the use and content of their Internet activity as required. 					
	24	<p>The chair of the audit committee has not been provided with advice on their role regarding: -</p> <ul style="list-style-type: none"> • The audit committee has an important role in overseeing the reporting and investigation of suspected or actual fraud 	2	End of December 2008	Training to be provided by the Company.	Target date revised to take account of planned Board Away Day in May 2009.	<p>Alison Mapp – Company Secretary</p> <p>(End of May 2009)</p>

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		or impropriety. • To ensure that all significant losses have been properly investigated and that the Internal and External Auditors are notified.					
	25	The staff member Code of Conduct Policy be amended to make reference to the Nolan Principles.	3	End of December 2008	To be completed following the review of the disciplinary policy by the Head of HR.	To be agreed, in conjunction with the Director of Organisational Development.	Alison Mapp – Company Secretary (End of August 2009)
	26	The Code of Conduct Policy be amended to include reference to action that may be taken if a member of staff fails to declare an interest or fails to complete a declaration of interest form.	3	End of December 2008	As above.	To be agreed, in conjunction with the Director of Organisational Development.	Alison Mapp – Company Secretary (End of August 2009)
	27	Reference be included within the Code of Conduct to which posts are subject to Criminal Records Bureau (CRB) checks.	3	End of December 2008	As above.	To be agreed, in conjunction with the Director of Organisational Development.	Alison Mapp – Company Secretary (End of August 2009)
	28	The code of conduct for suppliers does not provide for a confidential hot line for suppliers to use to report concerns.	3	End of December 2008	The recommendations are noted however suppliers to be advised to raise any issues with the Company	Any concerns regarding procurement or contractors are currently referred to the Procurement Manager, the Director of the appropriate Service Area or to the Company Secretary	Alison Mapp – Company Secretary (End of August

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					Secretary and/or the Chief Executive in the first instance.	for consideration.	2009)
	29	Consider taking part in the National Fraud Initiative.	3	End of December 2008	Further information will be obtained and brought back to Audit Committee for them to consider.	COMPLETE Consideration has been given by the DoFIG and HoF and attendance by key officers at the Midlands Fraud Forum is deemed sufficient to monitor fraud initiatives and regularly consider the need for participation in the NFI.	Julie Crook – Director of Finance, ICT and Governance. (April 2009)
NEW RECOMMENDATIONS ADDED TO THE REGISTER I.E. THOSE INCLUDED IN AUDIT REPORTS PRESENTED AT THE AUDIT COMMITTEE IN MARCH 09							
GOVERNANCE - HALF YEAR ICA UPDATE REPORT FEBRUARY 2009	30	The risks highlighted in this report be considered at the review of the Company risk register.	3	End of March 2009	The Corporate Risk Register is reviewed quarterly by the Audit Committee. In advance of the March Audit Committee meeting the Corporate Risk Officer will consider the aforementioned risks and update the register as required.	Further review of the Register to be referred to EMT by Director of Finance and Company Secretary	Alison Mapp – Company Secretary (End of July 2009)
	31	Housing Corporation publications and the Audit Commission positive practice notes be reviewed on a regular basis to identify any best practice which can be incorporated into Company procedures.	3	Immediate	The Business Improvement Team are responsible for updating all Company employees on good practice which is done through a monthly Bulletin. This document	The monthly information bulletin has now been developed to include Good Practice from the Audit Commission. This is circulated to all company managers and the Board.	Constance Hall – Interim Head of BID (February 2009)

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					includes an update on all good practice through a variety of sources which include, DCLG, CIH, Housemark and the Housing Quality Network.		
RISK MANAGEMENT REVIEW FEBRUARY 2009	32	The risk registers be amended to include the monitoring processes in place for each risk.	2	N/A	Not Agreed The registers themselves and the quarterly review by RROs is the process by which risks are monitored. The controls/mitigations section of the register should include specific monitoring actions designed to provide assurance to RROs.	N/A	N/A
	33	Responsibility for the overall monitoring of the action plan within the Risk Management Framework be defined and documented.	2	End of May 2009	The Company's Risk Management Framework (RMF) is annually reviewed. Comments and recommendations made in this report will be incorporated into the 2009 review and amendments made to the RMF as deemed necessary.	COMPLETE The RMF has been revised and approved by Audit Committee (12 th May) and Board (21 st May).	Darren Phillips – Head of Finance (Company) (May 2009)

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	34	Risk training be given to all staff in order to embed a risk-focussed culture across the organisation.	2	End of April 2009	Risk Management training from an external specialist provider has been scheduled for all Company Managers and Board members.	COMPLETE Risk Management training for all Company Managers and Board Members was completed on 7 th May 2009.	Julie Crook – Director of Finance, ICT and Governance (May 2009)
	35	Risk be included as a standing agenda item on all team meetings.	3	End of May 2009	Partially Agreed It is not proposed to introduce risk as a standing agenda item for service area team meetings. However, consideration is to be given to introducing risk as a standing agenda item on Directorate Team Meetings – where this is not already the case.	To be discussed during Risk Management Panel.	Julie Crook – Director of Finance, ICT and Governance (End of September 2009)
	36	The risk register review process to include testing of a selection of controls to ensure they are in place and working effectively.	3	Immediate	COMPLETE Guidance issued to Risk Register Owners and RR Responsible Officers has been updated to include the requirement for a selection of controls established to mitigate the risks in risk registers to be tested	N/A	Darren Phillips – Head of Finance (Company) (February 2009)

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					to ensure they are in place and working effectively.		
	37	Internal Audit reports be reviewed against the risk map to identify any controls which have been identified as not in place or not working.	3	Immediate	<p>COMPLETE</p> <p>Guidance issued to Risk Register Owners and RR Responsible Officers has been updated to include the requirement for risk registers to be reviewed for consistency against relevant Internal Audit reports.</p> <p>Anomalies identified during the compilation of the Audit Register (reported to the P&R Committee) will be raised with RROs.</p>	N/A	<p>Darren Phillips – Head of Finance (Company)</p> <p>(February 2009)</p>
	38	All Board and Committee reports to contain a section on the risk implications of the information contained in the report.	3	Immediate	<p>COMPLETE</p> <p>A template for Board and Committee reports which includes a section on risk is available on Intranet. Company Managers have been reminded of the need to use the template and hence include a section on risk in all their Board and Committee</p>	Completed	<p>Alison Mapp – Company Secretary</p> <p>(February 2009)</p>

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					reports.		
REVIEW OF PAYMENT ARRANGEMENTS FEBRUARY 2009	39	Arrangements be made by Nottingham City Council for a stock of manual cheques and a BACS authorisation card to be held off site.	2	Immediate	Partially Agreed. All Trade creditors are being moved to BACS only payment. Currently 85% are BACS. It is considered more appropriate to obtain bank details than to keep a stock of manual cheques if cheques cannot be produced by the system. A supply of manual cheques will also be kept in a secure off site location to be identified. The City Council has three BACS cards, all kept on the person and therefore useable at any location.	COMPLETE The plan for trade creditors is still to move to 100% BACS payments therefore the need for storage of manual cheques becomes redundant i.e. recommendation is superseded by this work. Each week the Corporate Accounts team send NCH a list of the cheques issued to trade suppliers and NCH are working with the suppliers to move away from cheques and all onto BACS. Cheque runs for NCH trade suppliers have been reduced from twice to once a week from June 2009.	Jo Worster – Team Leader, banking, payments and cashiering (June 2009)
	40	All purchase cardholders be required to sign and return the Purchase Card Employee Agreement form.	2	Immediate	The agreement will be updated and reissued to all employees with a purchase card. 100% return by end of February 2009	COMPLETE. The agreement has been updated and re-issued to all employees. The agreements are all now securely kept in the Procurement Office safe.	Pete Smith – Procurement and Operational Support Manager (March 2009)
	41	The Company's risk register be amended to include reference to: -	3	N/A	Not Agreed. There is no evidence of significant breakdowns in control	N/A	N/A

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		<ul style="list-style-type: none"> • Duplicate payments • Late payments • Fraudulent payments • Payment / recording errors. 			across the payments cycle that warrant the establishment of such a risk and monitoring of the associated mitigating actions in the Finance Service Area Risk Register.		
	42	The payments procedures should be documented.	3	Immediate	<p>COMPLETE.</p> <p>One-world and payment procedures are documented and in place within the Finance team.</p> <p>However, the weakness highlighted by TIAA has identified that not all members of the finance team are aware of their existence and where to find them.</p> <p>All Finance staff have been reminded of the existence of the procedures and where to find them on the shared drive.</p>	N/A	<p>Darren Phillips – Head of Finance (Company)</p> <p>(February 2009)</p>
	43	Ensure that all cheques not presented within the previous six months are identified and cancelled.	3	Immediate	<p>COMPLETE.</p> <p>This is already standard operating procedure for all City Council Cheques.</p>	N/A	<p>Jo Worster – Team Leader, banking, payments and cashiering</p>

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							(February 2009)
	44	The list of approved purchase card suppliers be updated.	3	Immediate	Partially Agreed. The nature of purchase cards is to use for small purchases reducing the administration costs of setting up suppliers and raising purchase orders for small purchases. The list of approved purchase card suppliers to be removed from the Purchase Card Procedure and reviewed annually.	COMPLETE. The approved suppliers have been removed. An additional verification check is now included in the monitoring of the monthly purchase statement.	Pete Smith – Procurement and Operational Support Manager (April 2009)
	45	Consideration be given to archiving supplier records once there have been no transactions for more than 18 months.	3	April 2009	Agreed. As part of financial year-end closedown procedures the City Accounts Team will provide NCH Finance with an annual report, which summarises all suppliers for which there have been no transactions in the previous 18 months. This will be used by	COMPLETE Nottingham City Council is reviewing the address book and a report has been written to identify trade creditors that haven't been used for 14 months and will archive such suppliers. There isn't a separate address book for NCH and NCC, therefore a creditor will be archived if not used by either NCH or NCC for this period. It is possible to reinstate a supplier easily if	Jo Worster – Team Leader, banking, payments and cashiering (July 2009)

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					NCH Finance to provide specific instruction to NCC as to which of their suppliers they wish to archive.	required. This archiving report is being run monthly from July 2009 and is part of the ongoing work to improve the existing address book.	
REVIEW OF CONTRACT SERVICES – PURCHASING ARRANGEMENTS FEBRUARY 2009	46	User access rights within ROCC be reviewed to ensure segregation of duties have not been compromised.	2	End of March 2009	Agreed.	COMPLETE IT Application Support Team (ATS) independent administrator of ROCC system. New User request form online requires line manager approval & hardcopy to be filed. Standard User Roles defined and menu access limited.	Simon Martin – Head of Finance (Property Services) (March 2009)
	47	All external doors to the stores area be secured at all times.	2	Ongoing	Agreed.	COMPLETE. The doors are now secured at all times.	Pete Smith – Procurement and Operational Support Manager (February 2009)
	48	The Financial Regulations be amended to make reference to the basis on which stock is held at the end of the year-end is to be valued.	3	End of September 2009	Agreed.	On course to be implemented within the agreed timetable.	Simon Martin – Head of Finance (Property Services) (September 2009)
	49	The Company's terms and conditions be amended to include: - <ul style="list-style-type: none"> • The Company's terms and conditions prevail over the suppliers; 	3	End of June 2009	Agreed.	Changing of 'Term's and Conditions' will be undertaken in line with the review of the Standing Orders. Orders contain the quantity and description. The quality is covered	Pete Smith – Procurement and Operational Support Manager

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		<ul style="list-style-type: none"> • The order must stipulate the quantity and description of the goods and services required; • All goods and services will be at the agreed quality; • The price shown is fixed and includes carriage. 				by the specification. Agreed quality also is covered by the specification and not required to be stipulated on every order. Prices are as agreed, carriage where appropriate is included on orders as a separate line.	(September 2009)
REVIEW OF CONTRACT SERVICES – SERVICE DELIVERY ARRANGEMENTS FEBRUARY 2009	50	All weekly timesheets be signed by the appropriate team leader.	2	End of February 2009	Agreed	COMPLETE Team Leaders/Maintenance Managers have been reminded that they are responsible for signing all time sheets for weekly paid staff. E-mail sent to all project managers from Director CD to instruct them to enforce requirement and ensure it is being done.	Gary Whitaker – Assistant Director Commercial Delivery (June 2009)
	51	A van stock be completed and documented for the gas section operatives.	2	End of June 2009	Agreed	A full review will be completed as part of the Better Practice Review and linked to the Mobile Data Project.	Pete Smith – Procurement and Operational Support Manager (December 2009)
	52	It be documented that Drivers have been given permission to take vehicles home to comply with the requirements of the insurance policy.	3	End of September 2009	Agreed	Request communicated to Fleet Manager on 9 th July 2009 for inclusion in future written or verbal communication to workforce.	Simon Martin – Head of Finance (Property Services) (September 2009)

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GRANT THORNTON AUDIT ISSUES MEMORANDUM JULY 2008	53	Nottingham City Homes should consider having control over its bank accounts, in particular having authority over the account.	N/A	Dec 2008	<p>Discussions are ongoing with NCC in relation to transferring the responsibility for completing monthly bank reconciliations (currently performed by NCC as part of the finance Service level agreement) to the company.</p> <p>When agreement over the logistics of transferring responsibility for bank reconciliations has been reached, steps will be taken to ensure the company manages its own bank account and, subsequently, authority over the account will be sort.</p>	<p>Discussions with the City Council are ongoing but implementation has been delayed by the account being overdrawn.</p> <p>Agreement to transfer the management and ownership of the account will be sort after the appropriate reconciliations and inter-company bank transfers have been processed to ensure that the bank account balance is up to date and accurately reflects the Company's true cash position.</p>	<p>Julie Crook – Director of Finance, ICT and Governance.</p> <p>(End of September 2009)</p>
	54	It is recommended that the company considers adopts the 'Format 2' profit and loss account. This does not give a cost of sales figure but analyses expenses in a way which is more appropriate to the business.	N/A	April 2009	<p>As part of the 2008/09 year-end closedown and accounts compilation process consideration will be given to amending the format of the profit and loss account.</p> <p>Amendments agreed will ensure that the analysis of company expense on the P&L is appropriate to</p>	<p>COMPLETE</p> <p>2008/09 financial statements were compiled using a 'Format 2' profit and loss account.</p>	<p>Darren Phillips – Head of Finance (Company).</p> <p>(End of May 2009).</p>

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					the business and provides meaningful information to users of the financial statements.		
	55	It is recommended that the Board satisfy itself that at least one member of the audit committee has recent and relevant financial experience.	N/A	Dec 2008	The Board will review the membership of its committees at its AGM in July 2008 and is looking to strengthen its audit committee. Independent Board Members will also have some vacancies before AGM 2009 and we will look to recruit a Board Member with specific financial skills.	<p>The Audit Committee currently comprises a Board member with accountancy experience.</p> <p>The opportunity to recruit Board members with accountancy expertise usually arises from independent Board member vacancies.</p> <p>Two independent Board member vacancies arise this year with recruitment taking place in September 2009. Amongst other criteria, financial experience will be an essential requirement.</p>	Alison Mapp – Company Secretary. (End of September 2009)
	56	NCH should have comprehensive back up policies and procedures in place. Linked to this a written and tested Business Continuity Plan or Disaster Recovery Plan should cover all critical systems. Redundant components could also be considered for back up.	N/A	March 2009	There is a lack of comprehensive documented DR policies and procedures. Disaster Recovery planning and practice, options for redundant components and risk avoidance are being incorporated in the new ICT SLAs for each service element.	<p>Establishment of SLA definitions re-scheduled due to other IT priorities.</p> <p>Linkage with overall NCH Business Continuity planning which is scheduled to commence in the 3rd quarter of financial year 2009/10.</p>	<p>Robert Allen - Head of ICT.</p> <p>(End of September 2009 - Establishment of SLA definitions)</p> <p>(TBC – Date of DR procedures in place to be determined according to</p>

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							service criticality)
	57	<p>IT - programming services NCH is reliant on the Council for programming services for software. NCH does not have oversight of this process.</p> <p>This ties in with the point re IT strategy above which recommends that IT developments should be in line with the overall objectives of NCH.</p>	N/A	Oct 2008	ICT services managing the Housing Management System are being brought back in-house rendering control of development of this new system properly under NCH control	<p>COMPLETE</p> <p>Key aspects are now under NCH control.</p>	<p>Robert Allen - Head of ICT.</p> <p>(End of June 2009)</p>
	58	NCH should develop and implement its own security policy. This should particularly focus on the set up and removal of users, password policies and usage policies.	N/A	Dec 2008	NCH users are bound by security policies currently supplied and maintained by the Council. NCH has now implemented its own User security database system (within the Council's Active Directory database). This allows NCH to set its own policies and to manage its own NCH user accounts as well as to delegate such work back to the Council under the terms of the renegotiated SLAs.	To be completed post establishment of new (underpinning) SLAs.	<p>Robert Allen - Head of ICT.</p> <p>(SLAs – by end of September 2009)</p>
	59	NCH should establish an intrusion detection system which will give early warning of any external and unwanted	N/A	Dec 2008	Provision has been built into the ICT budget to cater for intrusion testing.	To be completed within agreed target date – revised in line with SLA implementation date. To be included as a required service in the Data	Robert Allen - Head of ICT.

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		access to systems.				Networking service SLA for 2009/10	(End of September 2009)