

INTERNAL CONTROL ISSUES AUDIT REGISTER

APPENDIX B

INTERNAL AUDIT RECOMMENDATIONS

Audit & Date of Issue	REF	Recommendations	Priority	Initial Target Date	Agreed Mgt Response	Current Status	Officer (Revised Date)
<p>PAYROLL</p> <p>AUGUST 2007</p>	1	<p>A data sharing agreement covering the operation of Homelink should be put in place and signed up to by all the partners.</p>	High	January 2008	<p>Agreed. This will also be part of the wider review of data sharing and data retention across the company by the Governance Team. Specific HomeLink responsibility rests with the Allocations Manager.</p>	<p>A Task Group was set up by the Shared Intelligence Network comprising lead officers from the various agencies and public bodies. This is because data sharing and compliance with the Data Protection Act is applicable to a broader remit than the Homelink Scheme.</p> <p>A Memorandum of Understanding has now been completed where the partner organisations have agreed in principle to share data where the provisions of the Data Protection Act 1995 permits.</p> <p>The information governance officers in the respective partner organisations are responsible for approving the detail of the data sharing arrangements in particular circumstances by developing sub protocols.</p>	<p>Alison Mapp – Company Secretary</p> <p>(End of January 2010)</p>
<p>ONEWORLD SECURITY AND PRIVACY</p> <p>FEBRUARY 2008</p>	2	<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>	High	June 2008.	<p>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</p>	<p>Service delivery and security issues cannot be addressed until the OneWorld system is either updated (schedule for 2010/11) or replaced.</p> <p>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</p>	<p>Julie Crook - Director of Finance, ICT and Governance.</p> <p>(2010/11).</p>

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					determine whether the solution is OneWorld upgrade or another option.	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.	
	3	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.	To be incorporated into Application Hosting SLAs for shared applications.	Robert Allen - Head of ICT (End of January 2010).
ALLOCATIONS AND LETTINGS FEBRUARY 2008	4a)	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.	High	March 2008	Policy amendment to be proposed to the City.	COMPLETE This item has been part of the overall review of the Allocations Policy.	Sue Lomax - Allocations Co-ordinator. (End of May 2008).
	4b)	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.	High	March 2008	The City to be asked to co-ordinate and respond to this recommendation (through Sue Lomax).	An elected members seminar is arranged for Nov 2009, following which, ratification of the new policy will be sought from the City Council's cabinet. An implementation plan is expected to be completed by July 2010, subject to approvals being received	Sushma Cheesborough (NCC Officer) (End of July 2010).

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	4c)	c) The Housing Registration & Allocations Manager should ensure that Central Allocations Officers are trained in the policy.	High	March 2008	Once policy confirmed, all staff to be trained and IT procedures / policy updated.	Once the policy is approved training will take place for appropriate NCH Officers. Target date revised in line with b) above, plus time for training following policy approval.	Sue Lomax - Allocations Co-ordinator. (July 2010).
	5	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 EDM 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 EDMS, 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 EDMS 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 January 2010. Target for recommendation implementation TBC post completion of APR).

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	6	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 that tenancy history is not obscured. (Updated recommendation from 2004 audit report).	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.	COMPLETE At the time of this audit, HomeLink application forms were input by all housing offices and the HomeLink team. Since the audit we have centralised the registration process to ensure greater control and consistency. All applications are now input by the Homelink team. In addition, system security and access has been restricted which has minimised the issues raised. Northgate have confirmed that changes will not be made to their core product to support the audit suggestion to the IT system.	Sue Lomax - Allocations Co-ordinator. (End of April 2009).
APPRAISAL REVIEW OF TENANT PARTICIPATION ARRANGEMENTS JULY 2008	7	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.	Tenant participation budgets have not previously been broken down into specific areas to properly describe TP spend. However, for 2009/10 budgets have been devolved down to forum and Panel level and per event held. Discussion has now taken place at TLC and handouts issued and agreement received from TLC about how tenants want these costs to be publicised and frequency. Data will now be published on the website by the end of November 2009 & in the Newsletter by the end of January 2010, and at regular periods.	Carole Donnelly Tenant and Leaseholder Involvement Manager. (End of January 2010)

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	8	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	Discussions have taken place at TLC level and with Chairs and Vice Chairs about this matter on a number of occasions. Officer attendance at TLC meetings is by invitation only. TLC consultation event to review all constitutions, terms of reference and codes of conduct took place on 25 th August 2009. Full Compact Review to be completed by 31 st March 2010.	Carole Donnelly Tenant and Leaseholder Involvement Manager. (End of March 2010)
HIGH LEVEL REVIEW OF THE PAYMENTS, PAYROLL & INCOME ARRANGEMENTS AUGUST 2008	9	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 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.	See recommendation 2 and related current status above.	Julie Crook – Director of Finance, ICT and Governance (2010/11)
	10	Documented procedures be amended to make reference to: <ul style="list-style-type: none"> ● Periodic reconciliation of 	2	End of December 2008	The Company is currently reviewing and updating its financial	Agreed management actions have been delayed and new target date established.	Mary Mayes – Head of Human Resources

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		<p>employees held on the HR system to the payroll system.</p> <ul style="list-style-type: none"> • All amendments to standing payroll master file information are authorised. • The association's payroll procedures and computer 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. 			policy and procedure documents. Existing or newly established documents will be updated to address the current weaknesses identified by recommendation 16.1.	Work underway on these actions which will be completed by end of September	(End of January 2010)
	11	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	<p>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.</p> <p>Implementation will be completed post consultation with the Unions.</p>	<p>Darren Phillips – Head of Finance (Company)</p> <p>(End of December 2009)</p>

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					and enable finance to monitor significant changes.		
	12	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 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. Work is now underway.	Mary Mayes – Head of Human Resources (End of January 2010)
REVIEW OF THE ALLOCATIONS AND LETTINGS ARRANGEMENTS SEPTEMBER 2008	13	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 (End of January 2010)
APPRAISAL REVIEW OF THE GOVERNANCE ANTI-FRAUD ARRANGMENTS	14	The a Whistle Blowing policy be amended to include reference to: - • Staff having access to confidential advice from an	2	End of December 2008	The recommendations are noted however staff to be advised to raise any issues with the Company	Currently being reviewed by NCH and NCC. Reporting lines may need to be re-considered so as to ensure	Alison Mapp – Company Secretary (End of January

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SEPTEMBER 2008		independent body; <ul style="list-style-type: none"> • Providing for a confidential hot-line for persons to use to report concerns; and • Contacting a person who is independent of 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	no conflict between Company Secretary and Company Solicitor roles. Progress on this review has been delayed as the NCC lead officer has since left and no replacement officer nominated to date.	2010)
	15	The disciplinary policy be amended to make reference to: <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 	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.	Mary Mayes – Head of Human Resources (End of November 2009)

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		the event of the person who is subject to disciplinary action being on sick leave.					
	16	<p>An Anti Fraud Training and Awareness Policy be 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 	2	End of December 2008	<p>Board members training to be 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>Fraud awareness training will be delivered by an external consultant for the Senior Company Managers and for the Board Members.</p> <p>This is being co-ordinated by the Company Secretary and the Acting Head of Change Management & Development.</p> <p>Three consultants were approached and two have expressed an interest in delivering the training. The Company Secretary has now met with both consultants to give an outline of the project brief.</p> <p>The Acting Head of Change Management will formally invite the consultants to submit their proposals for delivery of the training by end of January 2010.</p>	<p>Alison Mapp – Company Secretary (End of January 2010)</p>

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		on the receipt of such a complaint. <ul style="list-style-type: none"> The anti-fraud and disciplinary policies are reviewed after each actual or attempted fraud. 					
	17	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: <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 	2	End of December 2008	Recommendations to be reviewed and current procedures to be reviewed and amended as appropriate (Governance Team and HR). To be considered on the review of the disciplinary policy – see 21 above). 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).	Current practices already address the need for employees to agree to compliance with IT policies. The Company owns the copyright to all data created by its employees in the course of their employment subject to any specific agreement to the contrary Policies exist within the Company regarding computer use, the protection of Company data and copyright ownership of data. The policies give effect to legislation covering these areas. Target date for a review of the scope to be agreed in conjunction with the Director of Organisational Development. See 15 above.	Alison Mapp – Company Secretary See 15 above.

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		<p>deemed the property of The 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. 					
	18	<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 or impropriety. • To ensure that all significant losses have been properly investigated and that the 	2	End of December 2008	Training to be provided by the Company.	<p>The Company Committee structure has been revised creating a Finance and Audit Committee.</p> <p>The Chair of that Committee will be is a Board member and will formally appointed by end of November 2009. Arrangements are in place for all Board members to undergo Fraud Awareness training.</p>	<p>Alison Mapp – Company Secretary</p> <p>(End of January 2010)</p>

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		Internal and External Auditors are notified.				See 16 above.	
	19	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. See 15 above	Alison Mapp – Company Secretary See 15 above
	20	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. See 15 above	Alison Mapp – Company Secretary See 15 above
	21	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. See 15 above	Alison Mapp – Company Secretary See 15 above
	22	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 Secretary and/or the Chief Executive in the first instance.	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 for consideration. These arrangements are currently set out within the Company's Standing Orders which are currently being reviewed.	Alison Mapp – Company Secretary End of December 2009

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RISK MANAGEMENT REVIEW FEBRUARY 2009	23	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 December 2009)
REVIEW OF CONTRACT SERVICES – PURCHASING ARRANGEMENTS FEBRUARY 2009	24	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; • 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. 	3	End of June 2009	Agreed.	Proposed changes to the Company's 'Term's and Conditions' have been drafted. These require approval by the Company Secretary and Director of Finance, ICT and Governance before being adopted.	Pete Smith – Procurement and Operational Support Manager (December 2009)
REVIEW OF CONTRACT SERVICES – SERVICE DELIVERY	25	A van stock be completed and documented for the gas section	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	Pete Smith – Procurement and Operational

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ARRANGEMENTS FEBRUARY 2009		operatives.				Project. Also forms part of the Materials Management Report.	Support Manager (December 2009)
REVIEW OF SERVICE CHARGE ARRANGEMENTS JUNE 2009	26	A full reconciliation be performed in conjunction with the Legal Services department at Nottingham City Council to ensure that all flats sold have been included on the leasehold database.	1	June 2009	A list of properties from the Leaseholder and Rechargeable Repairs Team (LRRT) master spreadsheet will be sent to Legal Services for reconciliation with their records to ensure that we have an accurate stock figure. Following the implementation of the service charge module from September 2009 it is proposed that the LRRT will take control of the ending of tenancies	COMPLETE LRRT reconciled leaseholder centralised database with Northgate. Leasehold information cleansed and updated where required with the help of NCH ICT Team and NCC RTB and Legal Team. All invoices were sent out to the reconciled and loaded leaseholders on Northgate by the legislative deadline of 30/9/09.	Simon Temporal – Interim Leasehold Manager (End of September 2009)
	27	Lease agreements be amended to make reference to the principle of a sinking fund. would consideration be given by TIAA to change this recommendation to where possible amend Lease agreements to make reference to the principle of a sinking fund	2	December 2009	NCH will approach Legal Services at NCC regarding this proposal which is a decision which will need to be made by NCC if it is practical to implement the change. If proposal is adopted, full consultation with	Meeting arranged in September to discuss this proposal. Target date has been revised as the task will require full consultation which may be timely. Meeting to be re-arranged in October 2009 with NCC due to Leaseholder and Rechargeable Repairs Manager leaving the post. Article in September 2009 issue	Simon Temporal – Interim Leasehold Manager (April 2010)

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					leaseholders will be required and carried out.	explaining Sinking funds and asking leaseholders for there opinion on sinking funds. No responses so far from leaseholders. If NCH and NCC agree that Sinking Funds are a viable option then full citywide consultation with leaseholders will take place.	
	28	Collection data and other service performance statistics be reported to Committee or Board on a regular basis.	3	October 2009	The debt is currently managed by NCC. A proposal has been agreed by NCC that NCH will manage the debt 'in house' once the Northgate Leaseholder Service Charge Module goes live. Board and Committee reporting will be carried out on a regular basis in line with the company's reporting timetable.	COMPLETE Debt collection on the 2008/2009 Service charge invoices produced through the Northgate System are now managed by NCH. Reports on collection performance will be reported to the committee and board from October 2009. Previous debt raised in One World will continue to be managed by the NCC Sundry Income Team.	Simon Temporal – Interim Leasehold Manager (October 2009)
REVIEW OF ASBESTOS ARRANGEMENTS JUNE 2009	29	Reports be produced to Management Team and Board relating to asbestos, both its impact, potential costs and progress relating to the surveys completed.	3	Dec 2009	The way H&S matters are reported to EMT and Board is currently under review - refer to item 3.5 of the company H&S Strategy. This includes an annual report which will encompass progress	It has been agreed with the Director of Organisational Development that the Head of H&S provide a quarterly report to EMT, first report to be available second (financial) quarter of 2009. Board reporting mechanism is not clear at this point due to	Ian Rabbet – Head of Health and Safety (End of December 2009)

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					with the asbestos survey programme.	current corporate governance review; however should not affect implementation of annual report.	
	30	Consideration be given to providing Asbestos Awareness training to Property Services office based staff and service managers and area housing staff.	3	Dec 2009	This will be addressed by item 8.1 of the H&S training Strategy. It is likely that asbestos awareness training will be extended as a result, but not to employees who will not benefit. Subject to EMT agreement, asbestos awareness training to be rolled out to include all staff as well as operatives who may visit NCH managed homes including their managers where necessary.	EMT have agreed in principle to the extension of asbestos awareness training to non trades personnel, and have confirmed that the training is compulsory for identified staff. A training matrix has been developed including a proposal for the groups of employees to receive asbestos awareness training. This is currently with Learning & Development for comment before consultation with managers and employees.	Ian Rabbet – Head of Health and Safety (End of December 2009)
REVIEW OF IT SECURITY – MANAGEMENT CONTROL ARRANGEMENTS	31	A Definitive SLA for IT services be defined and agreed with NCC to ensure that NCH is receiving value for money services.	1	End of August 2009	SLAs are being developed with NCC for each ICT service consumed by NCH, beginning with the Key SLAs.	The City Council have now hired a consultant to work on this which is being part funded by NCH. Target date has moved due to time delays associated with recruiting consultancy support.	Robert Allen – Head of ICT (End of December 2009)
JUNE 2009	32	Written assurance be obtained from NCC that systems and data for NCH is undertaken on a daily basis, that test restores of data are routinely made and that restores of all critical	1	End of June 2009	Expected to be already in place and such assurances have been requested from NCC Service Management.	Assurances requested by NCH have yet to be received from the City Council, hence delay in implementation.	Robert Allen – Head of ICT (End of December 2009)

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		systems are tested at least annually, in lieu of any new SLA to be agreed.					
	33	Written assurance from NCC be obtained to ensure that IT systems are fully recoverable within acceptable timescales and that priority can be given to identify key systems.	1	End of June 2009	Expected to be already in place and such assurances have been requested from NCC Service Management.	Assurances requested by NCH have yet to be received from the City Council, hence delay in implementation.	Robert Allen – Head of ICT (End of December 2009)
	34	Consideration be given to performing regular inventory audits to ensure information is accurately maintained.	3	End of September 2009	Inventory is audited by category (e.g. PCs) each time an operational opportunity arises. In future, the SLAs covering Change and Configuration Management will require audit of hardware and software upon implementation. Audit is to follow SLA implementation.	Inventory checks performed ahead of self-service password reset roll-out and to be performed again ahead of lap-top roll-out. Checks have yet to be formally timetabled	Robert Allen – Head of ICT (End of December 2009)
	35	Consideration be given to incorporating a process to report lost or stolen portable equipment into the IT Security policy.	3	End of September 2009	A process for reporting lost or stolen equipment Policy will be developed and included in the NCH ICT Security Policy. Timescale for NCH policy is first quarter of	Being considered as part of lap-top roll-out.	Robert Allen – Head of ICT (End of December 2009)

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					the 2009/10 financial year.		
	36	A review be undertaken to ensure that the IT equipment used by NCH is adequately and properly covered for insurance purposes.	3	End of September 2009	The arrangements for insurance of 'NCH' ICT equipment will be reviewed in time for the replacement PC programme scheduled for 2009/10.	Implementation is currently on-going.	Robert Allen – Head of ICT (End of December 2009)

NEW RECOMMENDATIONS ADDED TO THE REGISTER I.E. THOSE INCLUDED IN AUDIT REPORTS PRESENTED TO AUDIT COMMITTEE IN SEPTEMBER 2009

HIGH LEVEL REVIEW OF THE PAYMENTS, PAYROLL & INCOME ARRANGEMENTS AUGUST 2009	37	Documented procedures be amended to make reference to: <ul style="list-style-type: none"> • Changes to bank details and voluntary deductions are authorised in writing by the employee. • All amendments to direct credit instructions are reported directly to employees by the finance department. • All amendments made to annual salary or rates of pay and allowances are subject to independent authorisation. Payroll calculations for a sample of pay records are independently checked following changes to pay structures, taxation rates, national insurance 	3	End of December 2009	Starter/Leaver and Variations to contract procedures will be a priority. Other procedures such as system, establishment and annual pay/incremental increases will follow. Draft to be available by end August 2009 and recommendations to be incorporated as required.	TBC	Mary Mayes – Head of HR (End of December 2009)
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		contributions, etc. <ul style="list-style-type: none"> • Timetables for the receipt of input are established and enforced. 					
REVIEW OF THE PAYROLL ARRANGEMENTS AUGUST 2009	38	A full review of access rights to the payroll system be undertaken.	1	End July 2009	A review of access rights is currently being undertaken.	TBC	Mary Mayes – Head of HR (End of January 2010)
	39	The payroll procedures relating to Nottingham City Homes processes be documented.	2	End of December 2009	Starter/Leaver and Variations to contract will be a priority. Other procedures such as system, establishment and annual pay/incremental increases will follow. Draft to be available by end August 2009.	TBC	Mary Mayes – Head of HR (End of December 2009)
	40	The Payroll department at Nottingham City Council be provided with a list of authorised signatories for mileage claims.	2	N/A	Authorised Signatories for all NCH officers (i.e. those included in the Financial Regulations –FAM - 8.2.5) are provided to the City Council annually and as and when new starters join the Company.	COMPLETE	Darren Phillips – Head of Finance (Company) (N/A)

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	41	All future severance packages be authorised in line with the Financial Regulations.	2	Immediate	Agreed	COMPLETE The Financial Regulations have been updated to include this requirement and will be approved by Board in 2009.	Mary Mayes – Head of HR (May 2009)
	42	A Payroll Policy, which is cross-referenced to the Finance business plan and Finance risk register, be adopted.	3	End of July	Addressed in the Company's new Payroll Policy which has been communicated to key officers and made available to all staff on the Intranet.	COMPLETE	Darren Phillips – Head of Finance (Company) (July 2009)
	43	The risks of the failure or delay in paying staff, failure to eliminate leavers and of bogus employees be considered at the next review of the risk register.	3	N/A	Not Agreed Adequate and effective controls, actions and procedures are in place to mitigate these risks and no weaknesses have been identified, internally or by the Company's internal or external auditors, to suggest they require monitoring in risks registers.	COMPLETE – as recommendation was not agreed by NCH.	N/A
	44	An ongoing training programme for staff involved in payroll be introduced to ensure staff keep abreast of the organisation's procedures and	3	End of November 09	Payroll/Finance will need to inform HR of any legislative changes which will impact on HR	TBC	Mary Mayes – Head of HR (End of November 2009)

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		any changes in legislation.			procedures. HR Administrators currently being recruited to, training will commence as soon as practicable once employment commences.		
	45	Car mileage claim forms be amended to make reference to Nottingham City Homes and not Nottingham City Council.	3	Immediate	Form has been updated and amended on the Company's Intranet site.	COMPLETE	Darren Philips – Head of Finance (Company) (May 2009)
	46	Rules be established in relation to a maximum time after which a travel and subsistence claim will not be processed.	3	August 2009	This has been included in both the Company's new Payroll Policy and draft Employee Expenses Policy.	COMPLETE	Darren Philips – Head of Finance (Company) (August 2009)
	47	It be reinforced to employees to record whether they are an essential/casual/occasional car user on mileage claim forms and for mileometer readings to be recorded.	3	August 2009	This has been included in the draft Employee Expenses Policy.	COMPLETE	Darren Philips – Head of Finance (Company) (August 2009)
REVIEW OF THE RENT SETTING & COLLECTION ARRANGEMENTS JULY 2009	48	The reconciliation of the cash system to the nominal ledger be brought up to date and completed on a daily basis as per the expected control.	2	End of June 2009.	An exercise has already commenced to clear the back-log outstanding. The ledger will then be kept up to date on a daily basis thereafter.	COMPLETE The reconciliation has been brought fully up to date & will continue to be reconciled per procedures.	Andy Webb – Rents Admin Team Leader (supported by Richard Holland – Interim Rents Manager).

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							(July 2009)
	49	All significant credit balances be regularly investigated with reasons and actions taken recorded.	2	End of June 2009	There will be a review at the end of each quarter of those accounts that currently have a Credit of over £1,000. Where appropriate the tenant shall be contacted after the relevant checks have been made, to refund the Credit due.	COMPLETE A check has been made of significant credit balance accounts and the relevant actions completed at the end of Quarter 1 & Quarter 2, 2009/10. Investigations will be ongoing at the end of each quarter.	Andy Webb – Rents Admin Team Leader (Supported by Richard Holland – Interim Rents Manager). (July 2009)
	50	Ensure the revised cash handling procedures are followed.	2	End of August 2009.	There is an ongoing timetable of audits in place to ensure procedures are followed.. Training logs are completed, together with self assessments completed by staff. Letters have been sent to all Housing Office Managers following the June audit regarding non-conformances and reminding them that breaches of Financial Regulations may result in disciplinary action.	COMPLETE All offices have been independently audited in June 2009 & October 2009. All of the Non-Conformances identified & reported in the first audit have been rectified. The new procedures & documentation are now embedded. Housing Managers are undertaking audits monthly & additional independent audits will continue at least twice yearly.	Mark Lawson (August 2009)

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	51	Tenants be informed of the large credit balances on the rent account. The assistance of support agencies be utilised where appropriate.	2	End of June 2009.	There will be a review at the end of each quarter of those accounts that currently have a Credit of over £1,000. Where appropriate the tenant shall be contacted after the relevant checks have been made, to refund the Credit due.	COMPLETE See Action 49. A check has been made of significant credit balance accounts and tenants written to at the end of Quarter 1 & Quarter 2, 2009/10. This will continue at the end of each quarter.	Andy Webb – Rents Admin Team Leader (supported by Richard Holland – Interim Rents Manager). (July 2009)
	52	Old items held within the rents suspense account be moved to enable more detailed aged analysis to be performed.	3	Immediate	An exercise has been completed to remove all old items in the suspense account. There will also be regular reviews in the future.	COMPLETE	Andy Webb – Rents Admin Team Leader. (July 2009)
	53	The standard form be used to request changes to tenancy start dates and key elements.	3	End of May 2009	The amended process & request form was launched at Housing Operations Management Team on 20-May-09.	COMPLETE Standard documentation has been completed, distributed & is now in use.	Mark Lawson. (July 2009)
REVIEW OF THE IT SECURITY - NETWORK CONTROLS ARRANGEMENTS AUGUST 2009	54	NCH be required to develop its own set of Security and Acceptable Use policies which reflect the needs and the processes of NCH.	2	End September 2009	Full set of NCH's own ICT policies and procedures is planned. Work to commence once key service SLAs have been negotiated (due to interdependence).	TBC	Robert Allen – Head of ICT (End of January 2010)

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	55	All staff be required to sign to confirm that they have read and understand the relevant IT Security Policies.	2	End of October 2009	Will require signature of staff against new policies once in place	TBC	Robert Allen – Head of ICT Supported by ICT team HR officer. (End of January 2010)
	56	The IT Support team be required to review its documentation to ensure that all key processes and procedures are documented, version controlled and dated.	2	Ongoing (new systems and changes frequently occur)	Work already in progress. ICT team will be working with Business Improvement Team to review version control etc.	TBC	Robert Allen – Head of ICT (TBC)
	57	The IT Support team be required to review and update all procedural documentation following the implementation of new systems, system upgrades and changes in processes.	3	Ongoing (new systems and changes frequently occur)	As above	TBC	Robert Allen – Head of ICT (TBC)
	58	NCH obtain monthly logs of User activity in the areas of Network, Internet and email usage and carry out a series of checks looking for actual or attempted misuse/abuse.	3	End of September 2009	Discussions are in progress with NCC Networks and Security Manager to arrange for proper reporting on such issues.	TBC	Robert Allen – Head of ICT (End of January 2010)
	59	NCH establishes its own Security Incident Management process and ensured that all	3	End of December 2009	SIM process is to be fully considered during current SLA	TBC	Robert Allen – Head of ICT

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		suspected incidents are first notified to the relevant NCH personnel.			negotiations.		(End of December 2009)
	60	The exact details of the partial administrator access rights granted to NCH staff be documented and held by both NCH and NCC.	2	End of December 2009	Administrative privileges to be closely restricted to ICT staff and documented.	TBC	Robert Allen – Head of ICT (End of December 2009)
	61	All Managers be required to carry out a review of all their staff system access requirements for their current role. This review be carried out on an annual basis (or more frequent if NCH deem necessary).	2	End of December 2009	To be implemented for Northgate housing management system, ROCC and OneWorld as the Company's key systems. Subsequent reviews will be bi-annually.	TBC	Application Support and Development Team Manager (End of December 2009)
	62	NCH completes its Business Continuity Plan (which includes Disaster Recovery arrangements) as soon as possible and negotiates appropriate timescales for restoration of services by NCC. In addition NCH should ensure that it is involved in the Disaster Recovery testing programme on a periodic basis.	2	End of July 2010 End of December 2009	Completion of the NCH Business Continuity Plan is included in the Health and Safety Strategy. ICT business continuity and disaster recovery arrangements to be included in SLA negotiations for each individual service.	TBC	Ian Rabett – Head of Health and Safety (End of July 2010) Robert Allen – Head of ICT (End of December 2009)
	63	NCH be required to ensure	2	End of December	Data Networks SLA will have availability		Robert Allen –

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		that the change control process is operated correctly and effectively.		2009	and Change Control aspects agreed and formalised with NCC		Head of ICT (End of December 2009)

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GRANT THORNTON AUDIT ISSUES MEMORANDUM JULY 2008	64	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 January 2010)</p>
	65	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	<p>COMPLETE</p> <p>The newly formed Finance and Audit Committee currently now includes a Board member who is a qualified accountant.</p>	<p>Alison Mapp – Company Secretary.</p> <p>(November 2009)</p>

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					before AGM 2009 and we will look to recruit a Board Member with specific financial skills.		
	66	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.	Establishment of SLA definitions re-scheduled due to other IT priorities. Linkage with overall NCH Business Continuity planning which is scheduled to commence in the 3 rd quarter of financial year 2009/10.	Robert Allen - Head of ICT. (End of January 2010 - Establishment of SLA definitions) (TBC – Date of DR procedures in place to be determined according to service criticality)
	67	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	To be completed post establishment of new (underpinning) SLAs.	Robert Allen - Head of ICT. (End of January 2010)

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					Council under the terms of the renegotiated SLAs.		
	68	NCH should establish an intrusion detection system which will give early warning of any external and unwanted access to systems.	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 Networking service SLA for 2009/10	Robert Allen - Head of ICT. (End of January 2010)