

APPENDIX 2 – INTERNAL CONTROL ISSUES AUDIT REGISTER

INTERNAL AUDIT RECOMMENDATIONS

Audit & Date of Issue	REF	Recommendations	Priority	Initial Target Date	Agreed Mgt Response	Current Status	Officer (Revised Date)
PAYROLL AUGUST 2007	1	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 data retention across the company by the Governance Team. Specific HomeLink responsibility rests with the Allocations Manager.	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. 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. 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.	Alison Mapp – Company Secretary (End of April 2010)
ONEWORLD SECURITY AND PRIVACY FEBRUARY 2008	2	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	Service delivery and security issues cannot be addressed until the OneWorld system is either updated (schedule for 2010/11) or replaced. As the OneWorld system is owned by the City Council and only accessed by NCH through the terms of an SLA, further	Julie Crook - Director of Finance, ICT and Governance. (2010/11).

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					timescale. This will determine whether the solution is OneWorld upgrade or another option.	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.	
	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. Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen - Head of ICT (End of April 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 EDM, 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 EDM as a high priority project for 2009/10. A tactical Document Imaging Solution will be considered as part of the CBL Re-implementation project. Allocation Policy work complete and awaiting formal Council approval. CBL project underway.	Robert Allen - Head of ICT Target for tactical EDM dependent on recommendations of CBL project work. (End of April 2010).

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APPRAISAL REVIEW OF TENANT PARTICIPATION ARRANGEMENTS JULY 2008	6	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. (February 2010)
	7	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	8	The operation of the inter-company account be reviewed to establish confidentiality of	1	2010/11	Continued use of the One World application is due to be assessed against NCH's future	See recommendation 2 and related current status above.	Julie Crook – Director of Finance, ICT and

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& INCOME ARRANGEMENTS AUGUST 2008		NCH payroll data.			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.		Governance (2010/11)
	9	Documented procedures be amended to make reference to: <ul style="list-style-type: none"> • 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 systems programs do not permit payment to any employee unless an authorised post is recorded. • The salaries and wages payroll tabulations are 	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.	COMPLETE Procedures have been updated to reflect the recommendations made. Variations/changes referred to in the procedures are those which come through the HR team.	Mary Mayes – Head of Human Resources (January 2010)

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		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.					
	10	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 June 2010)
	11	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.	Several attempts have been made to ascertain this information from the City Council who provide NCH's payroll services through an SLA. NCH's response and actions proposed/documentated in this area will depend on the controls and processes proposed and/or put in place by the City Council. Discussions have been escalated to the City Council Service	Mary Mayes – Head of Human Resources (End of April 2010)

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						Manager to facilitate resolution.	
REVIEW OF THE ALLOCATIONS AND LETTINGS ARRANGEMENTS SEPTEMBER 2008	12	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.	Garage strategy report produced for portfolio holder at NCC and specific garage team to be established on a temporary basis until TEM Modernisation is complete. NCH is awaiting outcome of NCC review of garage strategy before implementation can be progressed further.	Kim De Vergori – Assistant Director TEM (End of April 2010)
APPRAISAL REVIEW OF THE GOVERNANCE ANTI-FRAUD ARRANGMENTS SEPTEMBER 2008	13	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; and • 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. Progress on this review has been delayed as the NCC lead officer has since left and no replacement officer nominated to date.	Alison Mapp – Company Secretary (End of April 2010)
	14	The disciplinary policy be amended to make reference to: <ul style="list-style-type: none"> • Actions that will be taken 	2	End of October 2008	The disciplinary policy is currently being revised with the trades	The Disciplinary Procedure will not be reviewed until later on in the year. The recommendations	Mary Mayes – Head of Human Resources

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		<p>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),</p> <ul style="list-style-type: none"> • 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. 			<p>unions. These recommendations will be Incorporated into the document for final agreement.</p>	<p>are more suitably placed within the Disciplinary Management Guide, as opposed to the procedure. As the recommendations are for the Suspending Officer/HR it is proposed that whilst the procedure and guide are being reviewed, a 'check list' will be developed to incorporate the recommendations of which HR Advisors will be responsible for co-ordinating the actions with both the suspending officer and the manager.</p> <p>Template letters will be reviewed.</p> <p>This action is already included in the management guide and the standard template letter.</p>	<p>(End of February 2010)</p>
	15	<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 	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</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</p>	<p>Alison Mapp – Company Secretary (End of April 2010)</p>

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		<p>policies.</p> <ul style="list-style-type: none"> • 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 reviewed after each actual or attempted fraud. 			and training to be co-ordinated by the Head of HR (Mary Mayes)	<p>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 early in 2010.</p>	
	16	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	2	End of December 2008	Recommendations to be reviewed and current procedures to be reviewed and amended as appropriate	Current practices already address the need for employees to agree to compliance with IT policies.	<p>Alison Mapp – Company Secretary</p> <p>(End of April</p>

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		<p>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 Company. • 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. 			<p>(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).</p>	<p>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</p> <p>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.</p> <p>Target date for a review of the scope to be agreed in conjunction with the Director of Organisational Development.</p>	2010)

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		<ul style="list-style-type: none"> • 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. 					
	17	<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 Internal and External Auditors are notified. 	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 is a Board member. Arrangements are in place for all Board members to undergo Fraud Awareness training.</p>	<p>Alison Mapp – Company Secretary</p> <p>(End of April 2010)</p>
	18	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.	<p>Alison Mapp – Company Secretary</p> <p>(End of April 2010)</p>

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	19	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 April 2010)
	20	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 April 2010)
	21	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 April 2010)
RISK MANAGEMENT REVIEW FEBRUARY 2009	22	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.	To be discussed during Risk Management Panel. The Risk Management Panel has not met since the recommendation was raised.	Julie Crook – Director of Finance, ICT and Governance (End of April

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					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.		2010)
REVIEW OF CONTRACT SERVICES – PURCHASING ARRANGEMENTS FEBRUARY 2009	23	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. Such changes require approval by the Company Secretary and Director of Finance, ICT and Governance before being adopted – currently being reviewed.	Pete Smith – Procurement and Operational Support Manager supported by Alison Mapp – Company Secretary (End of April 2010)
REVIEW OF CONTRACT SERVICES – SERVICE DELIVERY ARRANGEMENTS FEBRUARY 2009	24	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. Also forms part of the Materials Management Report.	Re-assigned to Steve Cooper – Project Manager (Gas) (Previously Pete Smith – Procurement and Operational

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							Support Manager) (End of April 2010)
REVIEW OF SERVICE CHARGE ARRANGEMENTS JUNE 2009	25	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 leaseholders will be required and carried out.	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 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.	Simon Temporal – Interim Leasehold Manager (April 2010)
REVIEW OF ASBESTOS ARRANGEMENTS JUNE 2009	26	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	Quarterly EMT H&S reports are now in place, the first one submitted in October 2009 for the period July - September 2009. A proposal for Board reports is being developed now that the new board meeting structure is confirmed.	Ian Rabett – Head of Health and Safety (End of February 2010)

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					encompass progress with the asbestos survey programme.		
	27	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.	Training Matrix is still under development and has not been fully agreed. However, asbestos awareness training has been rolled out to caretaking staff in Housing Services, and a new 'toolbox talk' suitable for office staff training and craft worker refresher training has been developed and is available to roll out 1 st quarter 2010.	Ian Rabett – Head of Health and Safety (End of March 2010)
REVIEW OF IT SECURITY – MANAGEMENT CONTROL ARRANGEMENTS	28	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.	Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT (End of June 2010)
JUNE 2009	29	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. Partial information supplied. Rest is delayed due to high ICT Team	Robert Allen – Head of ICT (End of February 2010)

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		systems are tested at least annually, in lieu of any new SLA to be agreed.				workload supporting front-line service development programmes.	
	30	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. Partial information supplied. Rest is delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT (End of February 2010)
	31	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.	Auditing of hardware is complete (November 2009). Software is being transferred to NCH control and an inventory is being established alongside the rollout of new desktop PCs (underway and due to be completed by end of March 2010)	Robert Allen – Head of ICT (End of March 2010)
	32	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	Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT (End of March 2010)

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					policy is first quarter of the 2009/10 financial year.		
	33	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.	Decision being considered by Finance Team.	Darren Phillips – Head of Finance (Company) (End of March 2010?)
HIGH LEVEL REVIEW OF THE PAYMENTS, PAYROLL & INCOME ARRANGEMENTS AUGUST 2009	34	<p>Documented procedures be amended to make reference to:</p> <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	<p>Starter/Leaver and Variations to contract procedures will be a priority.</p> <p>Other procedures such as system, establishment and annual pay/incremental increases will follow.</p> <p>Draft to be available by end August 2009 and recommendations to be incorporated as required.</p>	<p>COMPLETE</p> <p>Changes and amendments have been incorporated in to the HR Payroll Procedure document.</p> <p>Payroll checks, changes to NI, Taxation rates etc and amendments to direct credit instructions are the responsibility of the City Council under the terms of the Payroll SLA and hence have not been addressed in the NCH procedures.</p> <p>See also Recommendation 9 above.</p>	Mary Mayes – Head of HR

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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	35	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.	COMPLETE Full review of access rights performed for NCH employees.	Mary Mayes – Head of HR (End of January 2010)
	36	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.	COMPLETE See Recommendation 9 above.	Mary Mayes – Head of HR
	37	An ongoing training programme for staff involved in payroll be introduced to ensure staff keep abreast of the organisation's procedures and any changes in legislation.	3	End of November 2009	Payroll/Finance will need to inform HR of any legislative changes which will impact on HR procedures. HR Administrators currently being recruited to, training will commence as soon as practicable	COMPLETE Legislative changes are the responsibility of the City Council via the provision of services to NCH via the Payroll SLA. NCC shall inform the NCH HR team if there are any such changes, as well as the likely impact on procedures, and NCH	Mary Mayes – Head of HR

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					once employment commences.	staff training programmes will be updated and addressed, in liaison with the OD & Learning team, as and when required.	
REVIEW OF THE IT SECURITY - NETWORK CONTROLS ARRANGEMENTS AUGUST 2009	38	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).	Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT (End of March 2010)
	39	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	Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT Supported by ICT team HR officer. (April 2010)
	40	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.	COMPLETE In progress and an on-going activity.	Robert Allen – Head of ICT (January 2010)
	41	The IT Support team be required to review and update all procedural documentation following the implementation of new systems, system upgrades and changes in	3	Ongoing (new systems and changes frequently occur)	As above	COMPLETE In progress and an on-going activity.	Robert Allen – Head of ICT (January 2010)

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		processes.					
	42	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.	Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT (End of June 2010)
	43	NCH establishes its own Security Incident Management process and ensured that all suspected incidents are first notified to the relevant NCH personnel.	3	End of December 2009	SIM process is to be fully considered during current SLA negotiations.	Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT (End of June 2010)
	44	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.	Being implemented as new desktop PCs are rolled-out and as non-compliant systems are replaced/upgraded.	Robert Allen – Head of ICT (End of June 2010)
	45	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.	At early stages of implementation. However, as key areas of Northgate Housing Management System are being re-implemented, this work is being carried out.	Application Support and Development Team Manager (End of December 2010)
	46	NCH completes its Business Continuity Plan (which includes Disaster Recovery	2	End of July 2010	Completion of the NCH Business Continuity Plan is	Meetings with service heads taking place (commenced Dec 2009) to review current BCP	Ian Rabett – Head of Health and Safety

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		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.		End of December 2009	included in the Health and Safety Strategy. ICT business continuity and disaster recovery arrangements to be included in SLA negotiations for each individual service.	arrangements in each area and identify significant areas of concern.	(End of July 2010) Robert Allen – Head of ICT (End of April 2009)
	47	NCH be required to ensure that the change control process is operated correctly and effectively.	2	End of December 2009	Data Networks SLA will have availability and Change Control aspects agreed and formalised with NCC	Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen – Head of ICT (End of June 2010)
NEW RECOMMENDATIONS ADDED TO THE REGISTER I.E. THOSE INCLUDED IN AUDIT REPORTS PRESENTED TO AUDIT COMMITTEE IN NOVEMBER 2009							
REVIEW OF THE BUDGETARY CONTROL ARRANGEMENTS OCTOBER 2009	48	Virement forms be authorised in line with the Financial Regulations Financial Authorisation Matrix.	3	December 2009	Authorisation Limits for virements are to be amended as part of the revised Financial Regulations to ensure more practical approvals can be introduced and maintained.	COMPLETE Authorisation limits have been revised and approved by Board (as part of the Financial Regulations) and a new virement authorisation template form compiled and made available on the Finance Intranet site.	Darren Phillips – Head of Finance (Company)
RISK MANAGEMENT REVIEW OF THE INTEGRATION ARRANGEMENTS	49	The Risk Management Panel to ensure that all service area risk registers are reviewed quarterly as required within the Risk Management	2	End of December 2009	An update report will be produced summarising the completion of Service Area and Directorate	The Risk Management Panel has not met since the recommendation was raised.	Julie Crook – Director of Finance, ICT & Governance

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Audit & Date of Issue	REF	Recommendations	Priority	Initial Target Date	Agreed Mgt Response	Current Status	Officer (Revised Date)
OCTOBER 2009		Framework.			Risk Registers by Managers, for review by the RMP on a quarterly basis.	Implementation will be actioned for the next meeting of the group.	(End of April 2010)
	50	The mitigating controls on the Rents Risk Register relating to the Inability to Meet Rent Collection Targets be updated with reference to the recommendations of the internal audit.	3	Immediate	<p>COMPLETE</p> <p>The reconciliation between the cash system and nominal ledger is now up to date. The line manager within the section and operative are fully aware that this process must be kept up to date, and that any slippage must be reported to the Head of Rents.</p> <p>The Rents Risk Register has been updated accordingly.</p>	COMPLETE – as stated in the final report.	Richard Holland – Interim Rents Manager
	51	Consideration be given to requesting the insurance broker or Nottingham City Council to provide an annual risk appraisal report as part of the renewal of the insurance policies.	3	End of December 2009	Discussions to be held with the City Council's Insurance and risk Management Officer to ascertain if there is an existing insurance risk appraisal which can be provided to NCH as part of the renewal of insurance policies.	COMPLETE Meeting held with NCC Insurance and Risk Management Officer Jane O'Leary where a quarterly NCC-NCH Insurance meeting was proposed which would provide a forum for the regular reporting of the risks associated with insurance in general and the renewal of policies.	Darren Phillips – Head of Finance (Company)

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Audit & Date of Issue	REF	Recommendations	Priority	Initial Target Date	Agreed Mgt Response	Current Status	Officer (Revised Date)
	52	<p>The covering report presented with the risk register to the Audit Committee and Board to provide reasonable monitoring of agreed actions relating to risk and the risk register, for example</p> <ul style="list-style-type: none"> • a list of registers that have not been reviewed in line with the framework • new risks identified and added to the risk registers • risks removed from the registers • changes in mitigating controls and • changes to risk likelihood and impact scores. 	3	End of January 2010	Consideration will be given to updating the report and expanding the information provided to members on risk during the compilation of the papers for the February Finance and Audit Committee.	<p>The Corporate Risk Register and covering report have not been tabled for the February Finance and Audit Committee.</p> <p>Implementation will be actioned in the papers for the next meeting of the Finance and Audit Committee.</p>	<p>Alison Mapp – Company Secretary</p> <p>(End of April 2010)</p>
	53	<p>An annual risk report be prepared summarising the actions taken against the Risk Action Plan and to include: -</p> <ul style="list-style-type: none"> • Overall progress against the Plan • Summary of any issues identified during the period and remedial action undertaken • Details of any new activities/significant risks identified since last review • Details of progress on 	3	End of March 2010	<p>An annual report on risk is to be provided to the Audit and Finance Committee and Board to accompany the Corporate Risk Register and Delivery Plan.</p> <p>2009/10 report will be drafted taking account of the areas highlighted within the</p>	To be completed in line with the agreed target date.	Julie Crook – Director of Finance, ICT & Governance

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Audit & Date of Issue	REF	Recommendations	Priority	Initial Target Date	Agreed Mgt Response	Current Status	Officer (Revised Date)
		significant action points within the plan, any slippage against deadlines or resource implications • Key performance Indicators with comparisons and commentary. • Insurance highlighting significant risks identified by the broker or Nottingham City Council.			recommendation.		
REVIEW OF THE MAJOR REPAIRS ARRANGEMENTS OCTOBER 2009	54	A procedure manual be devised which outlines the process and procedures of the major repairs function and to include the operation of the automatic interface, when this is completed.	3	End of March 2010	Procedure is to be compiled pending delivery of both the Northgate Keystone interface and Northgate upload tool by ICT. Delivery by ICT is dependent on prioritisation of the project by Directorate or EMT.	To be completed in line with the agreed target date.	Tim Shirley – Asset Data Manager supported by Robert Allen – Head of ICT
	55	A detailed process flowchart be devised, mapping each stage of the consultation/requirements in accordance with the Commonhold and Leasehold Reform Act 2002, where major refurbishment is required.	3	Immediate	COMPLETE Process map has been compiled and will be agreed with the Leaseholder Forum November.	COMPLETE – as stated in the final report.	Simon Temporal – Interim Leaseholder Manager
REVIEW OF THE CONTRACT SERVICES	56	The documented authority for the severance packages be	1	Immediate	Agreed	COMPLETE Financial Regulations have been	Mary Mayes – Head of HR

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INTERNAL AUDIT RECOMMENDATIONS

Audit & Date of Issue	REF	Recommendations	Priority	Initial Target Date	Agreed Mgt Response	Current Status	Officer (Revised Date)
PAYROLL ARRANGEMENTS OCTOBER 2009		found and retained with the minutes of the appropriate committee.				updated to reflect the requirement for all such payments to be approved in line with the Company's Standing Orders and Scheme of Delegation. Therefore, all future authorities are formally required to be documented.	
	57	The payroll department at NCC be provided with a list of authorised signatories for travel and subsistence claims.	2	Immediate	COMPLETE Authorised Signatories for all NCH officers are provided to the City Council annually and as and when new starters join the Company.	COMPLETE – as stated in the final report.	Darren Phillips – Head of Finance (Company)
	58	A Contract Services payroll policy, which is cross-referenced to the Finance business plan and Finance risk register, be adopted.	2	Immediate	COMPLETE 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 – as stated in the final report.	Simon Martin – Head of Finance (Property)
	59	The Contract Services payroll procedures be documented.	2	End of March 2010	Agreed	To be completed in line with the agreed target date.	Simon Martin – Head of Finance (Property)
	60	Confirmation should be obtained on an annual basis of continuing entitlement to ongoing allowances.	2	End of September 2009	Agreed	COMPLETE Full review took place May 2009 and an annual review is scheduled at that time each	Jenefer Irving – Payroll Supervisor

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INTERNAL AUDIT RECOMMENDATIONS

Audit & Date of Issue	REF	Recommendations	Priority	Initial Target Date	Agreed Mgt Response	Current Status	Officer (Revised Date)
						year going forward.	(December 2009)

APPENDIX B – INTERNAL CONTROL ISSUES AUDIT REGISTER

EXTERNAL AUDIT RECOMMENDATIONS

Audit & Date of Issue	REF	Recommendations	Priority	Initial TargetDate	Agreed Mgt Response	Current Status	Officer (Revised Date)
GRANT THORNTON AUDIT ISSUES MEMORANDUM JULY 2008	61	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 April 2010)</p>
	62	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	<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</p>	<p>Robert Allen - Head of ICT.</p> <p>(End of June 2010 - Establishment of SLA definitions)</p> <p>(TBC – Date of DR</p>

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					being incorporated in the new ICT SLAs for each service element.	financial year 2009/10. Delayed due to high ICT Team workload supporting front-line service development programmes.	procedures in place to be determined according to service criticality)
	63	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. Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen - Head of ICT. (End of June 2010)
	64	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 included as a required service in the Data Networking service SLA for 2009/10. Delayed due to high ICT Team workload supporting front-line service development programmes.	Robert Allen - Head of ICT. (End of June 2010)