

FINANCE & AUDIT COMMITTEE

Minutes of the Meeting of the Committee held on **17 May 2010** in Board Room at 14 Hounds Gate from 4.00 pm to 5.40 pm.

Present

Committee Members:

Ade Aderogba

Kevin Butt

Suhail Hashmi

Peter Linford

Malcolm Wood - Chair

Also in Attendance

Julie Crook - Director of Finance ICT & Governance

Kathryn Godfree - Grant Thornton

Peter Harrison - TIAA Limited

Lorraine Hayes - Governance Officer (Minute Taker)

Alison Mapp - Company Secretary & Solicitor

09/26 WELCOME, INTRODUCTIONS & ANNOUNCEMENTS

The Chair of the Committee welcomed the attendees to the meeting.

09/27 APOLOGIES

None received.

09/28 DECLARATIONS OF INTEREST

None received.

09/29 MINUTES OF THE FINANCE & AUDIT COMMITTEE MEETING HELD ON 8 FEBRUARY 2010.

The minutes were adopted as a true and accurate record of the meeting.

09/30 4th QUARTER FINANCIAL REPORT

The Director of Finance ICT & Governance (DFIG) presented to the Committee the fourth quarter financial report for the financial year 2009/2010.

The DFIG informed the Committee that the Company projected a revenue surplus of five hundred and twenty nine thousand pounds (£529k) which would be returned to the Housing Revenue Account.

The Chair sought clarity that the Company was receiving payments from Nottingham City Council within the agreed time limit. The DFIG informed the Committee that the Company was receiving payments as agreed and the Company paid suppliers within twenty eight days on receipt of an invoice.

The Chair also sought clarity on Nottingham on Call. The Company Secretary & Solicitor (CSS) confirmed that a meeting had been arranged with Gedling Homes for 19 May 2010, the Company had received positive feedback on the service delivery from other service users. The CSS confirmed there was a potential Business risk to the Company.

The Committee noted the report.

09/31 DRAFT PRE AUDITED FINANCIAL STATEMENTS TO 31 MARCH 2010

The DFIG presented the report to the Committee. The Committee was informed that The main changes between the management accounts and the financial statements are the adjustments for Financial Reporting Standard 17: Retirement Benefits (FRS17) The financial statements are subject to audit by Grant Thornton week commencing 14 June 2010.

Suhail Hashmi queried the forty seven million pounds (£47m) deficit within the draft accounts and queried was the deficit within the pension fund likely to increase in future years. The DFIG confirmed that the accounts were subject to audit and that future projections for the pension fund are not known at this time. The DFIG confirmed that the Company contribution to the pension fund had increased by 1% this financial year.

The tri-annual actual valuation of the pension fund is currently taking place and this will inform future employee and employer contribution rates.

Ade Aderogba sought clarity on the restructure costs. The DFIG confirmed that the Company was making efficiency savings across all departments and that within Property Services there was a specific need to restructure to ensure continuity of service delivery and to demonstrate value for money with comparator organisations.

The Committee noted the report.

09/32 INTERNAL CONTROL ISSUES AUDIT REGISTER OF OUTSTANDING ACTIONS

The DFIG presented the report to the Committee. Within the current register forty-seven (47) of the sixty-eight (68) recommendations remained outstanding and it was accepted that it was vital that responsible officers should take ownership of the actions required to ensure that the audit recommendations are fully implemented.

The Chair re-iterated the requirement for the recommendations to be implemented in order that the Committee was to assist the Company in facilitating the achievement of three stars and that responsible officers should take appropriate measures to complete the audit recommendations forthwith.

Audit Ref 13 - The Disciplinary Policy was currently being revised in consultation with the Unions. Ade Aderogba sought clarity on the number of employees being disciplined. The CSS confirmed that within the Company a number of employees had been subject to disciplinary action and the statistics can be made available.

Audit Ref 25 - The Committee was informed of the progress made to date and that quarterly Health & Safety reports are in place. The CSS would clarify that it was reported to the Property Services Committee and would update the Committee.

Audit Ref 31 - The DFIG confirmed that if a laptop was stolen or lost, within current budgets a replacement would be facilitated.

Audit Ref 34 - The DFIG confirmed that all employees are required to comply with the relevant IT security policies.

Audit Ref 35 - The DFIG confirmed that Health & Safety are progressing the Company Business Continuity plan.

Audit Ref 41 - The Committee was informed that the CSS had met with the Executive Management Team on a quarterly basis and that service risks are reviewed locally.

Audit Ref 51 - The DFIG confirmed that sensitive confidential reports would not be circulated in advance of the meeting.

Audit Ref 58 - The Committee was informed that there remained one outstanding declaration of interest and that the CSS was progressing this with the member directly.

Audit Ref 65 - The Chair informed the Committee that more fluidity was required in terms of performance in order that the Company was on target to achieve three stars.

The Committee noted the report.

09/34 FINAL INTERNAL AUDIT REPORTS

The DFIG informed the Committee that (TIAA Limited) had completed six internal audit reports which included a review of works procurement, allocations & lettings, gas safety, contract services, IT security and follow up report.

09/34.1 Works procurement

The Committee was informed that an evaluation of reasonable assurance had been established of the adequacy of the internal controls.

09/34.2 Allocations and Lettings

The Committee was informed that an evaluation of reasonable assurance had been established of the adequacy of the internal controls. The Committee was informed that within the financial year a document imaging system would be procured.

09/34.3 Gas Safety

The Committee was informed that an evaluation of reasonable assurance had been established of the adequacy of the internal controls.

The Committee was assured that the Company was working with Nottinghamshire Fire & Rescue on High Rise Blocks risk assessments.

09/34.4 Contract Services

The Committee was informed that an evaluation of limited assurance had been established of the adequacy of the internal controls. The Chair requested an update from the Director of Property services on recalled jobs

09/34.5 IT Security

The Committee was informed that an evaluation of limited assurance had been established of the adequacy of the internal controls

09/34.6 Follow up Review

The Committee was informed that TIAA had completed a follow up review and considered whether the management actions taken had addressed the control issues that gave rise to concern.

The DFIG confirmed that within Asset Management the focus would be on delivery and service improvement.

The Chair thanked TIAA and was confident that progress would be made.

The Committee noted the report.

09/35 ANNUAL RISK MANAGEMENT REPORT

The CSS informed the Committee that Amberwing would be facilitating a workshop on 20 May 2010 to assist the Risk Management Panel to update the Corporate Risk Register and this would be circulated in advance of the next meeting of the Committee. The CSS informed the Committee of the number of challenges which had highlighted the panel's focus in identifying business risks and effective responses to emergency situations whilst ensuring effective service delivery.

The Committee noted the report.

09/36 REVISED STANDING ORDERS – TENDER AND CONTRACT PROCEDURE RULES

The DFIG presented to the Committee the Standing Orders - Tender and Contract Procedure Rules (TCP) which had been reviewed in accordance with the Board's

requirement for an annual review. The Committee was informed of the potential business risk to the Company in non compliance with the TCP.

The Chair proposed that the extract referred to in 2.16 be included as an appendix to the TCP Rules. The DFIG requested that prior to the June Board meeting Tim Bell be invited to review the Standing Orders and give feedback.

The Chair expressed his thanks to the report author for a good piece of work.

RESOLUTIONS:

The Committee:

- 1. noted the report; and**
- 2. recommended the Company's revised Standing Orders Part 3 - Tender and Contract Procedure Rules to the Board for approval.**

09/37 ANY OTHER BUSINESS

None

09/38 FORWARD PLAN

Noted

The meeting closed at 5.40 pm

Signed **Date**