

NOTTINGHAM CITY HOMES

HOUSING MANAGEMENT SERVICES COMMITTEE

17 FEBRUARY 2010

REPORT OF DIRECTOR OF HOUSING OPERATIONS

AUDIT REPORTS AND AUDIT REGISTER OF OUTSTANDING ACTIONS

1 SUMMARY

- 1.1 To enable the Board to achieve its statutory obligations, the Company appoints internal auditors to provide a rolling programme of audit reviews to assess its key financial and non-financial systems, as well as the related procedures, as part of an agreed Internal Audit Strategic Plan. The work of internal audit and the reports produced are a key part of the Company's framework for monitoring its overall system of internal control and are monitored by Finance and Audit Committee.
- 1.2 Historically all internal audit reports and the implementation of actions agreed by management have been monitored by the Company's Audit Committee. Following Governance reorganisation the Finance and Audit (F&A) Committee will continue to receive and monitor all audit reports but the Housing Management Services Committee is responsible for reviewing and considering the weaknesses highlighted in all Housing Directorate audit reports.
- 1.3 Since the previous meeting of the Housing Management Services Committee (November 2009) there have been no Housing Directorate related final internal audit reports issued by the Company's internal auditors, TIAA Ltd.
- 1.5 To ensure that management actions agreed within final audit reports are implemented within agreed timescales, progress updates are obtained from responsible officers on a quarterly basis and documented, alongside the related recommendations, on the Company's Internal Control Issues Audit Register.
- 1.4 The Housing Audit Register, which includes all items from the Company Audit Register which were raised in Housing Directorate related audit reports, includes a total of 3 recommendations which are all yet to be implemented by the responsible officers.

2 RECOMMENDATIONS

- 2.1 It is recommended that members review the Housing Audit Register (see Appendix 2) and confirm they are satisfied with both the current status of, and progress with, the implementation of actions agreed by management.

3 REPORT

- 3.1 To enable members to monitor the status of audit recommendations a headline summary of all recommendations raised within Housing Directorate audit reports, which were previously reported as outstanding (see Appendix 1), has been compiled to accompany the more detailed Housing Audit Register (see Appendix 2).
- 3.2 The Housing Audit Register was provided to members on 16th November and included a total of 14 recommendations of which 9 were logged as having been implemented and 5 as still outstanding. Two of these recommendations relate to the Tenant and Leaseholder Involvement service area which has now been transferred to the Strategy and Partnerships Directorate. Hence these recommendations have now been removed from the Housing Audit Register but will continue to be monitored by the Finance and Audit Committee.
- 3.3 As no internal audit reports were reported at the November meeting, no additional recommendations have been added to the register. At the time of drafting this report all 3 of the recommendations included on the Housing Audit Register still remain outstanding and each one has gone beyond its original target dates for implementation.
- 3.4 All but 1 of the 3 outstanding audit recommendations relate to internal audit reports produced over a year ago and therefore it is vital that the responsible officers take ownership of the actions required to ensure these audit recommendations are fully implemented at the earliest opportunity and hence removed from the Audit Register.

4 OTHER OPTIONS

- 4.1 Not applicable.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 5.1 The consistent application of recognised control procedures will address a number of issues raised by the Audit Commission.

6 RISK ASSESSMENT

- 6.1 The internal control issues identified by NCH's internal auditors TIAA Ltd, which lead to the respective recommendations raised in their audit reports, are assigned an order of priority dependent on the risk they pose to NCH's Internal Control Systems and the achievement of the Company's objectives. These priorities are defined as follows;
- Urgent (1) – A fundamental control issue on which action should be taken immediately.
 - Important (2) – A control issue on which action should be taken at the earliest opportunity.
 - Routine (3) – A control issue on which action should be taken.
- 6.2 Of the 3 outstanding internal audit recommendations included on the Audit

Register (see Appendix 1 and 2) one is classed as an 'Urgent (1)' priority, one is classed as an 'Important (2)' priority and the remaining recommendations has been prioritised by internal audit as 'Routine (3)'.

- 6.3 It is important when agreeing internal audit recommendations that the nominated Principal Auditee and Responsible Officers ensure that the priority levels associated with each recommendation, and included in the final report, accurately reflect the true risk to NCH's system of internal control and the achievement of its business objectives.

7 VALUE FOR MONEY & EFFICIENCY ISSUES

- 7.1 Compliance with key controls and procedures is an essential part of delivering efficiency and cost effectiveness.

8 EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 None.

9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 9.1 Housing Audit Register Summary Feb 2010 – Appendix 1.
9.2 Housing Audit Register Feb 2010 – Appendix 2.
9.3 Company Internal Control Issues Audit Register.
9.4 Company Standing Orders.
9.5 Internal Audit Annual Plan and Audit Strategy.

CONTACT OFFICERS: Gill Moy
Director of Housing Operations
14 Hounds Gate
Nottingham
NG1 7BA
Tel: 0115 9157430
E-mail: gill.moy@nottinghamcityhomes.org.uk

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