

NOTTINGHAM CITY HOMES

HOUSING MANAGEMENT SERVICES COMMITTEE

21 JUNE 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 (F&A) Committee. In support of the F&A Committee members are responsible for reviewing and monitoring the recommendations included in all Housing Directorate audit reports.
- 1.2 Since the previous meeting of the Housing Services Committee (April 2010) there has been 1 Housing Directorate related final internal audit reports issued by the Company's internal auditors, TIAA Ltd. The internal auditors provided an assessment, in relation to the adequacy of internal control, of 'reasonable assurance' in relation to that audit report.
- 1.3 The Housing Audit Register, which includes all items from the Company Audit Register which were raised in previous Housing Directorate related audit reports, includes a total of 3 recommendations of which 2 are yet to be implemented by the responsible officers.

2 RECOMMENDATIONS

It is recommended that the Housing Management Services Committee:

- 2.1 Note the content of the Allocations and Lettings audit report, notably the levels of controls assurance provided;
- 2.2 Confirm they are satisfied that actions agreed in response to specific audit recommendations are adequate and appropriate;
- 2.3 Review the Housing Audit Register (see Appendix 2); and
- 2.4 Confirm they are satisfied with both the current status of, and progress with, the implementation of previously agreed management actions.

3 REPORT

- 3.1 Following the completion of each audit review performed by the Company's internal auditors a report is produced which includes an

assessment, based on the audit findings, of the overall adequacy and effectiveness of the associated control environment. There are four possible evaluations which are defined as follows:

- Substantial Assurance;
- Reasonable Assurance;
- Limited Assurance; and
- No Assurance.

3.2 The table below summarises the audit reports issued by the internal auditors since the February F&A Committee (see Appendix 3) as well as the auditor's assessment of the respective control environments:

Report	Evaluation
Allocations and Lettings	Reasonable Assurance

3.3 Management responses designed to adequately address weaknesses in the related control environments, together with responsible officers and timescales for implementation, have been agreed with internal audit for all the recommendations raised in the aforementioned reports. Some audit reports include recommendations classified as 'operational effectiveness matters' which should be considered as part of the ongoing review of procedures and hence are not included on the audit register.

3.4 To enable members to monitor the status of audit recommendations a headline summary of all recommendations raised within previous Housing Directorate audit reports which were reported as outstanding at the February Committee (see Appendix 1), has been compiled to accompany the more detailed Housing Audit Register (see Appendix 2).

3.5 The Housing Audit Register provided to members in February included a total of 3 recommendations all of which were still outstanding. At the time of drafting this report 2 of the 3 recommendations included on the Housing Audit Register still remain outstanding and the management actions agreed have gone beyond the target dates originally set for implementation.

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 2 outstanding internal audit recommendations included on the Audit Register (see Appendix 1 and 2) 1 is classed as an 'Urgent' priority and the other recommendation has been prioritised by internal audit as 'Routine'.

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 May 2010 – Appendix 1.

9.2 Housing Audit Register May 2010 – Appendix 2.

9.3 TIAA Ltd audit reports (see paragraph 3.2) – Appendix 3.

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