

NOTTINGHAM CITY HOMES

PROPERTY SERVICES COMMITTEE

REPORT OF DIRECTOR OF PROPERTY SERVICES

22 MARCH 2010

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 Property Services Committee is responsible for reviewing and considering the weaknesses highlighted in all Property Services Directorate audit reports.
- 1.3 Since the previous meeting of the Property Services Committee (December 2009) there have been no Property Services Directorate related final internal audit reports issued by the Company's internal auditors, TIAA Ltd.
- 1.4 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.
- 1.5 The Property Services Audit Register, which includes all items from the Company Audit Register which were raised in Property Services 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 Property Services 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 Property Services audit reports, which were previously reported as outstanding (see Appendix 1), has been compiled to accompany the more detailed Property Services Audit Register (see Appendix 2).

3.2 The Property Services Audit Register was last provided to members on 16th November and included a total of 2 recommendations, both of which were still outstanding. The latest version of the Audit Register includes an additional 2 recommendations made in the Review of the Major Repairs Arrangements report, also reported to members in November.

3.3 At the time of drafting this report 3 of the 4 recommendations included on the Property Services Audit Register still remain outstanding and the management actions agreed for 2 of those 3 recommendations have gone beyond the original target dates 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 3 outstanding internal audit recommendations included on the Audit Register (see Appendix 1 and 2) one is classed as an 'Important (2)' priority and the remaining two recommendations have 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 Property Services Audit Register Summary March 2010 – Appendix 1.

9.2 Property Services Audit Register March 2010 – Appendix 2.

9.3 Company Internal Control Issues Audit Register.

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