

Northwards Housing – Audit Sub-Committee Meeting

Hexagon Tower
Thursday 26th November 2015 at 6.00pm

Chair: Guy Johnson

Present:

Guy Johnson (GJ) Board Member
Cllr Naeem Hassan (NH) Board Member
Paul Moran (PM) Board Member
Cllr Sandra Collins (SC) Board Member
Hilary Vaughan (HV) Board Member
Olu Ogunbambo (OO) Board Member

In Attendance:

Steve Finegan (SF) Head of Business Effectiveness & Comms
Stephen Brown (SB) Director of Business Services
Wayne Melia (WM) Health & Safety Consultant
Peter Harrison (PH) Audit Director, TIAA

ITEM	SUBJECT	ACTION
1	Welcome and Introductions	
2	Apologies for Absence None received.	
3	Appointment of Chair As this was the first meeting of the Audit Sub Committee since the AGM, SB invited members who were interested in standing as chair. GJ offered to re-stand and was returned unopposed.	
4	Declaration of Interests / Confidential Matters / Equality & Diversity None	
5	Minutes of Previous Meeting and Matters Arising Minutes of 16 th July 2015 agreed as an accurate record. Rent arrears letters – SF clarified that the content of letters was	

	<p>not the issue it was the design and format that couldn't be updated to maximise impact. It wasn't necessary or appropriate for the sub-committee to look in any further detail at the letter contents as this was an operational matter.</p> <p>The report concerning a recent fraud was an item on today's agenda.</p>	
<p>6</p>	<p>Risk Register Report</p> <p>SF gave a brief update on the high level risks which related to the uncertainty regarding the management fee; the obsolete housing management IT system and the loss of continuity following a number of changes at Board level.</p> <p>SB stated that he was expecting official clarification on the management fee in the next day or so.</p> <p>HV noted that a potential the risk of losing executive managers was not reflected on the register. This followed a discussion at remuneration committee. HV agreed to follow this up with SB.</p> <p>OO asked about the implications for local authorities regarding the changes to housing benefit. SB said there were a number of challenges for the HRA Board at the Council.</p> <p>HV asked about the increased risk in property services management. SB confirmed this was a short term increase in risk to reflect Larry Patrick's departure and the changes in the local management arrangements.</p> <p>A further risk around the potential loss of technical staff had not crystallised.</p> <p>There was a brief discussion about the minutes of the risk review group and SF explained that he was reviewing the existing register with a view to developing a more integrated framework which would be presented to the Board for consideration in due course. This would also take account of planned internal audit findings regarding our current risk management strategy which is scheduled for next year.</p> <p>The report was noted.</p>	<p>HV/SB</p>
<p>7</p>	<p>Internal Audit Reports TIAA</p> <p>PH explained the format of the reports.</p> <p><u>Performance Management</u></p>	

<p>This had received a 'substantial' level of assurance and the recommendations were in essence housekeeping issues. There were five recommendations all priority 3 (routine).</p> <p>HV asked whether there was an issue regarding the updating of targets and SF explained this related to an out of date document on the website. The website had since been updated.</p> <p><u>Payments</u></p> <p>This report had a 'reasonable' level of assurance. Whilst there was appropriate segregation of duties many of the processes were manual and the master file needed to be updated on an annual basis. There were six recommendations that were all priority 3 (routine).</p> <p><u>Data Assurance</u></p> <p>This had received a 'reasonable' level of assurance. There were three priority 2 (important, two routine and one operational recommendation. Two recommendations related to the requirement for a central register and one related to data that was being sent by insecure email.</p> <p>HV asked about the tidy desk policy and SF confirmed this would be implemented at the same time as the planned amalgamation of offices. An amendment would subsequently be made to incorporate this into the existing Data Protection Policy.</p> <p>SF explained that instructions had since been issued to all staff clarifying the use of insecure email.</p> <p>GJ asked whether the implementation timescales in the report were reasonable. PH said that given the level of priority they were and he confirmed that he would always raise issues with management and with the audit sub-committee if he felt this wasn't the case.</p> <p><u>Follow Up Report</u></p> <p>PH explained that the outstanding nine recommendations from the previous provider of internal audit services had been reviewed and their findings included in the report.</p> <p>PH provided further explanation of the risks identified in all the audit reports. Directed Risks related to policy or procedural deficiencies; Compliance Risks are failure to comply with policy and procedures and then there were operational effectiveness risks. In his experience the direction of travel over a period of time can be helpful in highlighting if any risks are concentrated in one area in terms of how the business is run.</p> <p>The sub-committee approved the reports.</p>	
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8	<p>Internal Audit Action Plan</p> <p>SF presented the new format of the internal audit action plan which was extracted and adapted slightly from the TIAA portal. The report highlighted outstanding recommendations based on priority and those recommendations that has recently been implemented. The RAG colour rating indicated green was either implemented or within its anticipated due date. Amber was close to its due date and red was overdue. Revised due dates were included in the report where relevant.</p> <p>Attention was drawn to the outstanding IT risks relating to Novosco and the report included a progress update.</p> <p>The Sub-Committee noted the report and approved those actions that had been implemented.</p>	
9	<p>Health and Safety Update Report and Health and Safety Policy Annual Update.</p> <p>WM presented the updated performance report on activity in the organisation, including progress on audit inspections and training since the last meeting.</p> <p>The health and safety policy had been updated to include a small change around power tools and portable appliance testing.</p> <p>WM went through the figures in the report and gave a positive report on how health and safety is being managed in the organisation.</p> <p>The Audit Sub Committee noted the latest issues regarding health and safety and approved the annual update to the health and safety policy.</p>	
10	<p>External Audit Findings Memorandum</p> <p>SB said the report had been approved by resources sub-committee and was being presented to the audit sub-committee so they were aware of the identified risks. SB expected to have some updated news on the revenue risk (page 94) shortly.</p> <p>The sub-committee noted the report.</p>	

<p>11</p>	<p>New Cash Handling Procedures</p> <p>SB presented a report on the new cash handling procedures that had been implemented following the investigation cash has gone missing. There had been improvements to CCTV and safes and a report had been provided to the council's internal audit at the time.</p> <p>There had been no incidents since the new procedures had been implemented.</p> <p>HV queried whether the procedure regarding the handover of cash to G4S needed to be clearer to prevent a potential fraud such as someone posing as a G4S employee. SB agreed to take this away and speak to the Head of Finance.</p> <p>The report was noted.</p>	<p>SB</p>
<p>12</p>	<p>Board Attendance</p> <p>SF presented the report giving details of board member attendance. There was a discussion on the expected level of attendance. The minimum level for company directors (not co-optees) is 40% as per the memorandum and articles of association but a target of 80% is set to comply with good practice in the sector.</p> <p>The report was noted with no recommendations.</p>	
<p>13</p>	<p>Fraud Register</p> <p>There was one new entry on the fraud register regarding the theft of a Northwards Xtra prize to the value of £308.08. This had been investigated and additional controls had been implemented to prevent a reoccurrence.</p> <p>The investigation report relating to the missing cash referred to earlier had also been added to the register.</p> <p>The sub-committee noted the report.</p>	
<p>14</p>	<p>Audit Sub Committee – Rolling Programme</p> <p>SF presented the current rolling programme.</p> <p>PH asked for the Internal audit plan for 2016/17 to be added to the agenda for February. This was agreed.</p> <p>The programme was approved.</p>	

15	Any Other Business None	
	Date of next meeting: Thursday 25 th February 2016	