

Northwards Housing – Resource & Audit Sub-Committee Meeting

Hexagon Tower
Tuesday 30th January 2007 at 5.30pm

Chair: Harvey Norton

Present:

Ade Alao (AA)	Board Member
Rachel Christie (RC)	Board Member
Richard Lockwood (RCL)	Board Member
Martin McKeivitt (MM)	Board Member
Harvey Norton (HN)	Board Member

In Attendance:

Steve Wood (SW)	Director of Business Services
Alison Foster (AF)	Head of Finance
Helen Knowles	KPMG (for item 6)
Steve Gammon	KPMG (for item 6)

ITEM	SUBJECT	ACTION
1	Welcome and Introductions It was confirmed that the meeting was quorate. The Chair welcomed KPMG to the meeting.	
2	Apologies for Absence Apologies had been received from Eric Hobin.	
3	Declaration of Interests / Confidential Matters / Equality & Diversity Matters Arising There were no matters for noting under this item. Equality & Diversity implications were noted on particular reports.	
4	Minutes of Last Meeting - 28th November 2006 The minutes of the previous meeting were approved and signed by the Chair.	
5	Matters Arising Item 8a) Monthly Budget Report SW reported on the 2006/07 outturn financial position and progress made with claims and recoveries since Sub-Committee had received the last report. The current forecast for the end of the financial year was a £7,000 surplus. Sub-Committee noted the report.	

6	<p>Internal Audit</p> <p>a) Visit 2</p> <p>Helen Knowles and Steve Gammon of KPMG, Internal Auditors introduced the three reports which had been completed as part of the Visit 2 review that took place in early December and these were considered in turn by Sub-Committee.</p> <p><u>Delivery of Capital Improvement Programme</u> The overall conclusions from the review of these systems were satisfactory. There were two medium and one low risk recommendations that had been made by the auditors, all of which had been agreed by management.</p> <p>The two medium risk items concerned contract times and the costing of works, both of which had shown some weaknesses within previous procedures. The Property Services Managers felt that these issues had now been dealt with under the new contract structures and the auditors confirmed their understanding of this.</p> <p>MM asked for some more information about the implications of poor programme planning and whether there were risks of high costs if the weaknesses were still occurring. Sub-Committee discussed the issues raised in the review in some detail and expressed their disappointment with the implication of the report that surveyors were unable to evidence the basis for the planned programme financial estimates. It was noted that Procurement and Property Sub-Committee would be considering the report at their meeting on the following day.</p> <p>The low priority item referred to documented procedures which required completing and this had been agreed by management.</p> <p><u>General IT Controls</u> KPMG reported that this audit had been carried out by a specialist ICT team and had resulted in a weak rating with one high priority recommendation, two medium and three low priority issues.</p> <p>The high priority issue revolved around completion of a full plan for disaster recovery. Management had responded that this was being requested from Manchester City Council CTU but in discussion, Sub-Committee did not accept management's response and asked for immediate action to be taken to resolve this matter.</p> <p>SW outlined Northwards' current dependence on CTU and possible plans for the future, but Sub-Committee asked for a report to be presented at the next meeting detailing how the issues raised would be resolved.</p>	
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Other matters raised in the audit, involved some amendment to the SLA and management had responded that these would be incorporated into the ongoing review.

Corporate Governance

KPMG reported that there was evidence of a lot of effort and work that had gone into the past year in this area and that there report reflected a very positive conclusion over the Governance arrangements of the Company.

The one recommendation which had resulted in a satisfactory rating was for there to be an annual report from Sub-Committee's to the Board and the AGM each year. This was agreed by Sub-Committee and SW was asked to prepare a report for the Board in due course to report on how this system might work.

It was noted by AA that no Board members had been interviewed as part of the audit review and Sub-Committee agreed that this would be appropriate next time.

Sub-Committee noted the reports.

b) Internal Audit Action Plan

SW presented the first action plan following recommendations made by KPMG on previous visits and asked Sub-Committee for comments on the basis of reporting for future meetings of all Sub-Committee's.

In terms of the report, Sub-Committee noted that a completed by date would be helpful on the report to track progress. Based on the previous discussions, it was agreed that there should be a discussion with the Chair before each set of internal audit reports were presented to ascertain whether attendance by officers from different disciplines of the organisation might be appropriate at the meeting.

Sub-Committee discussed whether or not a target completion percentage should be set and HN asked whether a 100% completion percentage should be factored in for priority issues. After some discussion, it was agreed that a transparent and open process would be more favourable and provided that revisions to the action plan were properly marked up, progress would be able to be tracked properly.

Sub-Committee noted the report.

<p>7</p>	<p>Accounts</p> <p>a) Monthly Budget Report</p> <p>AF presented the Monthly Budget Report for the 9 months to 31st December 2006 which showed a continued trend on previous performance. Income overall was still up on budget, although, due to right to buy sales, the contract fee from MCC would be down by £73,000.</p> <p>An analysis of overspends in respect of suppliers and services, mostly associated with preparing for inspection was presented to Sub-Committee and the detail of this was noted.</p> <p>Progress on the recovery and claims in respect of variation orders for repairs, which it was hoped would bring the repairs budget back on track were discussed by Sub-Committee. MM asked whether this had been identified by way of KPI review earlier in the year and SW agreed to confirm to this to the Sub-Committee in due course.</p> <p>The high level of agency staff costs was noted by Sub-Committee and AF reported on work ongoing to carry out a review of this. Sub-Committee noted that if existing agency staff were converted to permanent staff on fixed contracts, there would be an implication on finder fees and this was noted by the officers.</p> <p>Sub-Committee noted the accounts to the end of December.</p> <p>b) Budget 2007/08 Progress</p> <p>SW reported on progress in preparing the budget and AF outlined the consultation that had taken place and the present timetable.</p> <p>It was agreed by Sub-Committee that at the next meeting, discussion of the budget and associated issues should be the only item on the agenda and the officers were asked to prepare some form of commentary and presentation to assist the discussion.</p>	
<p>8</p>	<p>Information Communications Technology</p> <p>a) Civica Project Update</p> <p>SW reported on the current position with the timetable for implementation of Civica (formerly known as Comino).</p> <p>It now appeared that the systems would be implemented on 5th and 19th March. He reported that the training had taken place as previously scheduled and had proved to be very successful.</p>	

	<p>Further update and refresher training was being carried out to ensure that any skills developed were not lost.</p> <p>Sub-Committee noted the report.</p>	
9	<p>Monitoring</p> <p>a) Performance Management</p> <p>The most recent performance information on rent collection and finance had been circulated with the agenda and Sub-Committee reviewed the performance to date.</p> <p>Sub-Committee noted the report.</p> <p>b) Service Level Agreement Reviews</p> <p>SW updated Sub-Committee on progress with carrying out the SLA Reviews and Sub-Committee noted the detail of some of the discussions; particularly in respect of the larger value SLA's. Three SLA's had been terminated by Northwards and would cease on 31st March 2007 (Commodities Procurement, Energy Efficiency, Pest Control). In addition, the Council had given notice on Rents On Call and Rent Legal Services.</p> <p>HN noted the positive progress with these reviews and Sub-Committee received the report.</p> <p>c) Risk Management</p> <p>Sub-Committee noted progress on the actions to monitor primary risks. It was felt that the risk of failure to perform against budget and maintaining cost control should probably be added to the register and SW agreed to implement this change.</p> <p>d) Value for Money and Efficiency</p> <p>SW presented the action plan on progress against the Value for Money strategy and Annual Efficiency Statement and Sub-Committee noted the content of the report.</p>	
10	<p>Fraud Register</p> <p>SW reported that no items had been entered in the fraud register since the last meeting.</p>	
11	<p>Training Requirements</p> <p>There were no specific training issues identified as a result of the Sub-Committee meeting.</p>	

12	AOUB There was no further business for Sub-Committee to consider.	
13	Date of next meeting The next meeting of the Sub-Committee would be on Tuesday 27 th February 2007 at 5.30pm at Hexagon Tower. With thanks to everyone, the Chair closed the meeting at 7.05pm.	