

Northwards Housing – Resource & Audit Sub-Committee Meeting

**Hexagon Tower
Tuesday 27th March 2007 at 5.30pm**

Chair: Harvey Norton

Present:

Ade Alao (AA)	Board Member
Richard Lockwood (RCL)	Board Member
Harvey Norton (HN)	Board Member

In Attendance:

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

ITEM	SUBJECT	ACTION
1	<p>Welcome and Introductions</p> <p>It was confirmed that the meeting was quorate.</p>	
2	<p>Apologies for Absence</p> <p>Apologies had been received from Rachel Christie, Eric Hobin and Martin McKeivitt.</p>	
3	<p>Declaration of Interests / Confidential Matters / Equality & Diversity Matters Arising</p> <p>There were no matters for noting under this item. Equality & Diversity implications were noted on particular reports.</p>	
4	<p>Minutes of Last Meeting - 27th February 2007</p> <p>The minutes of the previous meeting were approved and signed by the Chair.</p>	
5	<p>Matters Arising</p> <p>a) CTU SLA Review SW reported that discussions with the Council's CTU team were ongoing in relation to a number of matters and progress in reviewing the SLA was being made. He reported that the daily back ups were now being confirmed. At the present time, a joint meeting with Parkway Green had not taken place.</p> <p>b) Variation Orders and Performance Indicators AF explained the triggers that had led staff to look into the amount of Variation Orders which had been more about looking at costs, rather than the Performance Indicator on the number of</p>	

	<p>Variation Orders.</p> <p>Sub-Committee noted the explanation.</p> <p>c) Civica SW reported that Civica had gone live on 5th March for Rents, Tenancies and Lettings and whilst there had been some issues, most had been resolved and were being progressed in the normal way. The implementation of repairs was due for 28th March and whilst there some interface issues for Manchester Working, it had been agreed that the system should go live on this date.</p> <p>Sub-Committee noted the report.</p> <p>d) Budget 2007-08 SW reported that as recommended by Sub-Committee, the Board had approved the Budget 2007-08. As part of the presentation, a different way of presenting the employee costs had been used as requested by Sub-Committee.</p>	
<p>6</p>	<p>Internal Audit</p> <p>a) Visit 3</p> <p>The Chair welcomed Steve Gammon of KPMG, Internal Auditors and he introduced the six reports which had been completed as part of the Visit 3 review that took place in February. These were considered in turn by Sub-Committee.</p> <p><u>Audit Commission Inspection</u> There were no recommendations from Internal Audit in relation to a review of the Audit Commission Inspection Action Plan and how the organisation would properly address issues raised within the report.</p> <p><u>Performance Monitoring</u> The overall conclusion from the review of the Performance Monitoring Framework was that the systems were good. The one recommendation related to indicators that had been agreed with the Board and that subsequently did not appear as part of the Framework. RCL noted that some of these were being reported to Procurement & Property Sub-Committee but SW advised Sub-Committee that management had agreed with the recommendation on the basis that those indicators approved by the Board should be reported on or alternatively, their non-reporting should be agreed with members.</p> <p>HN asked whether the Auditors had reviewed how performance reports were being used within the organisation and whether action taken as a result of poor performance was also reviewed. There was an impression that it was not currently clear what action was being taken if indicators were not meeting a target. SW agreed with Sub-Committee that he would pick this up with</p>	

<p>EMT at their meeting with the Internal Auditors on 3rd April.</p> <p><u>Procurement</u> KPMG reported that this audit had resulted in a satisfactory rating for the systems and the recommendations that had been prepared were linked to the documentation of procedures and there not being a formal action plan in place to implement the new purchase card systems.</p> <p>Sub-Committee discussed the balance between preparing action plans and delivering the new systems. AA asked whether the procurement and value for money strategies had been looked at to see whether these were translated into improved services. Steve Gammon reported that KPMG were not currently doing VFM reviews but were more concerned at present in producing assurance reports. It was agreed that this should be looked at in terms of a revised framework for the future.</p> <p><u>Payroll</u> The overall conclusion from the review of the payroll system was satisfactory. The need for documenting procedures as well as making some small changes to the way the payroll was reconciled had come through from the review. In addition, a new system was being put in place to ensure that all leavers were picked up as part of the monthly payroll update.</p> <p>Sub-Committee noted that the basic controls over the payroll system had been concluded as satisfactory.</p> <p><u>Risk Management</u> Steve Gammon reported that the high level risk management review had been split into two and that the work on health and safety was reported separately. The overall conclusion of the systems was satisfactory.</p> <p>The recommendations from the auditors had been agreed by management to look at moving away from an annual review of risks, together with the need to raise the risk awareness culture within the organisation. SW reported that the recording of high impact medium probability risks would be built into the 2007 Risk Strategy that would come back to Sub-Committee at their April meeting. This would also show the identification of net risks.</p> <p>Sub-Committee had a short discussion about how to embed a risk awareness culture within the organisation and SW noted that the risk management training for Board members on 10th April might help in part to bring out some ideas around the subject.</p> <p><u>Health and Safety</u> The high level review of health and safety that had been requested by Board members had concluded that the systems were satisfactory. The recommendations related to a need to raise staff awareness around health and safety issues and to do</p>	<p>SW</p> <p>SW</p>
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	<p>more work to monitor compliance with the policy. However, the keys risks had been concluded as satisfactory and the organisation appeared to be up to date with legislation.</p> <p>SW reported that a more detailed audit would be undertaken in terms of practice on the ground and that reports on this would be made in more detail to HR & Equality Sub-Committee.</p> <p>With thanks to all the staff for their work in relation to ensuring that systems and procedures were working correctly, Sub-Committee noted the reports.</p> <p>b) Internal Audit Action Plan</p> <p>Sub-Committee received the updated Internal Audit Action Plan, which now showed 74% completion of items due.</p> <p>The outstanding matters were linked to completion of specific projects including the voids review, production of the finance procedures and the completion of the SLA reviews.</p> <p>After a few questions, Sub-Committee noted the report. Steve Gammon left the meeting at this point.</p>	
7	<p>Accounts</p> <p>a) Monthly Budget Report</p> <p>AF presented the Monthly Budget Report for the eleven months ended 28th February 2007 which showed a similar position to previous months. The salary budget overspend was largely compensated for by an increase in income recharged to the capital programme.</p> <p>Sub-Committee enquired about the variation claims submitted to Manchester Working and Contracting Services that had been discussed at previous meetings and AF explained the current position. MCC were reviewing the supporting data behind the claim and had been given a deadline for completing this work.</p> <p>The forecast out-turn position was now a surplus of £8,000, although the figures remained tight. AF explained the variation on repairs and maintenance between the actual position and the forecast out-turn was due to the fact that Manchester Working had not been able to submit invoices since the 5th February 2007. Accordingly there was little information on which to base an accrual for this period, although information on the number of jobs ordered had been used to determine the final outturn position.</p> <p>The accounts presented included a complete analysis of all Supplies and Services expenditure and Sub-Committee looked at</p>	

	<p>a few of the larger variances.</p> <p>In answer to a question AF confirmed that the Monthly Budget Report would be produced for March and then a Period 13 Report would be produced, with reconciliation, for the final Audited Accounts.</p> <p>Sub-Committee noted the report.</p>																	
<p>8</p>	<p>Performance Management Framework</p> <p>Proposed targets for the Corporate Indicators that were part of the new Performance Management Framework and the remit of the Sub-Committee had been circulated with the agenda.</p> <p>The Finance Indicators had in reality been set as part of the budget process and these were confirmed;</p> <table border="1" data-bbox="376 801 1310 958"> <tr> <td>Average Weekly Costs for Special Services</td> <td>£1.14</td> </tr> <tr> <td>Average Weekly Costs for General Management</td> <td>£16.09</td> </tr> <tr> <td>Average Weekly Costs for Repairs</td> <td>£15.53</td> </tr> <tr> <td>Percentage Achievement of Efficiency Targets</td> <td>2.5%</td> </tr> </table> <p>In relation to rent collection, it was agreed after discussion that the target should remain the same as those in 2006-07 with the aim of bringing performance closer to the top quartile of ALMO's.</p> <table border="1" data-bbox="376 1137 1310 1294"> <tr> <td>Rent Collected (including arrears)</td> <td>97.0%</td> </tr> <tr> <td>Rent Collected (excluding arrears)</td> <td>99.5%</td> </tr> <tr> <td>Percentage of tenants owing more than 7 weeks rent</td> <td>7.70%</td> </tr> <tr> <td>Total number of evictions for rent arrears</td> <td>0.50%</td> </tr> </table> <p>Sub-Committee approved the targets for 2007-08.</p>	Average Weekly Costs for Special Services	£1.14	Average Weekly Costs for General Management	£16.09	Average Weekly Costs for Repairs	£15.53	Percentage Achievement of Efficiency Targets	2.5%	Rent Collected (including arrears)	97.0%	Rent Collected (excluding arrears)	99.5%	Percentage of tenants owing more than 7 weeks rent	7.70%	Total number of evictions for rent arrears	0.50%	
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<p>9</p>	<p>Inspection Action Plan</p> <p>Sub-Committee received a progress report on the Inspection Action Plan.</p> <p>Of the four items set for completion by March 2007, one had been completed on schedule and three were overdue. The three related to improving rent collection and rents data following completion of the Civica implementation and the stabilisation of staffing in the team.</p> <p>Sub-Committee noted progress to date and commented that they were happy to see the written report only in the future without a lot of detail in the tables.</p>																	

10	<p>Sub-Committee Work Plan</p> <p>SW presented a proposed work plan for the Sub-Committee for 2007/08 detailing when Internal Audit reports would be made and other key milestones. This included giving over one meeting in the year (July) to ICT issues and another (November) to Rent Recovery. It was suggested as part of the plan that the Sub-Committee did not meet in August and December.</p> <p>Sub-Committee approved the work plan, noting that it could be changed by them during the year.</p>	
11	<p>Fraud Register</p> <p>The updated Fraud Register was presented to Sub-Committee.</p> <p>AF reported that she had concluded her review of petty cash arrangements at one of the local offices and new controls had been implemented and would be monitored.</p> <p>SW advised Sub-Committee that the report had been added to the register and there were no fraud issues to report.</p> <p>Sub-Committee noted the report.</p>	
12	<p>AOUB</p> <p>a) Remuneration Panel</p> <p>SW reported that a senior staff salary review was being set up with Northern Housing Consortium to give an independent report and it was felt the best way for the Board to handle this was to set up a Remuneration Panel. It seemed appropriate to ask members of HR & Equality and Resource & Audit Sub-Committees to serve on this group and it was agreed that Harvey Norton as Chair of Resource & Audit would represent the Sub-Committee.</p>	
13	<p>Date of next meeting</p> <p>The next meeting of the Sub-Committee would be on Tuesday 24th April 2007 at 5.30pm at Hexagon Tower. Ade Alao's apologies for this meeting were noted.</p> <p>SW asked Sub-Committee about the possibility of moving the May meeting from 22nd to 29th and it was agreed that this would be confirmed at the April meeting.</p> <p>With thanks to everyone, the Chair closed the meeting at 7.00pm.</p>	