

Northwards Housing – Audit Sub-Committee Meeting

Hexagon Tower
Thursday 30th April 2009 at 5.30pm

Chair: Michelle Carmichael

Present: Michelle Carmichael (MC) Board Member
Martin McKeivitt (MM) Board Member
Paul Seymour (PS) Board Member

In Attendance: Steve Wood (SW) Director of Business Services
Steve Aggett (SA) KPMG
Helen Knowles (HK) KPMG

ITEM	SUBJECT	ACTION
1	Welcome and Introductions It was confirmed that the meeting was quorate.	
2	Apologies for Absence Apologies for absence had been received from Fatima Adamjee and Sue Ratchford.	
3	Declaration of Interests / Confidential Matters / Equality & Diversity Matters Arising There were no items for noting under this heading. Equality and Diversity implications were noted on particular reports.	
4	Internal Audit SA and HK from KPMG introduced the Internal Audit reviews that had taken place in December and January on eight areas. General Ledger Controls had been graded as satisfactory. The recommendations to be dealt with related to finalising the Finance Procedures which had been incomplete for some time and putting IT Backup arrangements in place which was awaiting the new Network. The review of Sickness Absence had been graded as satisfactory. A number of good practice elements in the management of absence had also been identified which was pleasing. Management had been aware through their own work of the issue raised for correction in respect of return to work interview forms. In relation to the review of Payroll, concluded as satisfactory, there were two recommendations. These related to the production of some detailed payroll procedures and the authorisation of payroll amendments. Sub-Committee asked some questions about the detailed processes for payroll amendments and SW agreed that the management response	

	<p>need to be more than sending out reminders. He agreed to look again at this area. KPMG expressed some concern about email confirmations and their security. SW agreed to look into this as part of the review.</p> <p>The review of Performance Monitoring had reached a satisfactory conclusion with two recommendations. It was noted that the review of SMART actions had been picked up also on the Audit Commission Inspection. Sub-Committee discussed the issue of target setting and whilst there might be reasons why targets were not set, it was agreed that all PIs should have their targets or no target required proactively confirmed.</p> <p>Procurement had also been graded as satisfactory. There were two recommendations in relation to the evidence of goods received and purchase orders. Sub-Committee discussed the need for some improved paperwork and processes and the potential risks to Northwards and were concerned about whether there were any potential unknown liabilities. SW agreed to review this area again and discuss with the Finance Team.</p> <p>The review of Corporate Governance had resulted in an overall report rating of good with no new recommendations.</p> <p>Similarly, the review of Risk Management had resulted in a good rating with one low priority recommendation around areas omitted in the risk matrix that had already been addressed.</p> <p>The review of the Leaseholders area of tenancy and estate management had concluded that this was a good area with one low priority recommendation linked to an isolated incident in relation to letters going out in the wrong order. This had corrected and the procedures tightened.</p> <p>Sub-Committee reviewed the Follow Up of previous recommendations report which showed that 94% of the recommendations reviewed had now been completed. The 2008 completion was 64%. One outstanding issue related to the profiling of the repairs budgets and SW explained where this was up to in relation to difficulties in basing predictions on the invoicing patterns that had been experienced from Manchester Working.</p> <p>The Chair thanked KPMG for the presentation and Sub-Committee noted the reports.</p>	<p>SW</p> <p>SW</p> <p>SW</p>
<p>5</p>	<p>Internal Audit</p> <p>a) Annual Report 2008-09</p> <p>SA introduced the Annual Report for the work completed during 2008-09 by KPMG which would contribute towards the Sub-Committee's consideration of its Internal Controls Assurance.</p>	

The auditor's overall conclusion was that there were satisfactory arrangements in place for the organisation to properly control its policies and procedures.

SA concluded that Northwards had moved significantly in the three years:

Year	Report Conclusions	Recommendations
2006-07	2 Good, 9 Satisfactory, 3 Weak	58 (5 High, 34 Medium, 19 Low)
2007-08	2 Good, 10 Satisfactory	27 (17 Medium, 10 Low)
2008-09	5 Good, 8 Satisfactory	23 (16 Medium, 7 Low)

Implementation of recommendations was very good at 85%. In 2007-08 this had been 54%. SW reminded Sub-Committee that all recommendations and actions were tracked on the Covalent system.

In relation to the plan for the year, all reviews had been completed other than the one originally proposed on IT. This was due to the impending changes to the Network and it had been concluded that there would not be much benefit in carrying out a review at this time. Sub-Committee concurred with this view.

With a couple of further questions, **Sub-Committee noted the annual report from KPMG for 2008-09.**

MC thanked KPMG for their work over the past three years and their contribution to Northwards over this period. In response SA thanked the Sub-Committee and commented that they had enjoyed working with people who responded well.

SA and HK from KPMG left the meeting at this point.

b) Operational Plan 2009-10

SW updated Sub-Committee on the appointment of PKF as the new Internal Auditors and the work being done to implement a new Operational Plan for the coming year.

Arrangements had been made for the new Internal Auditors to meet with the Heads of Service and the Executive over the next couple of weeks and they would also like to meet with Sub-Committee. It was agreed that this meeting could be held on 12th May at 5:00pm ahead of the Board meeting as this would prevent additional meetings having to be organised.

After these meetings a plan would be formulated for approval. SW explained some of the current thinking about realigning the plan, subject to Audit Sub-Committee's approval, more to improvement areas rather than all being procedure driven.

SW

	Sub-Committee noted the update.	
6	<p>Insurance Renewal</p> <p>SW presented a report on the renewal of the Insurances following the agreement for Northwards to move to its own insurance arrangements and away from the Council.</p> <p>He explained the basis of some of the decisions taken and the resultant premium for 2009-10. In particular the new arrangements over the Public Liability insurance were explained.</p> <p>After a few questions, Sub-Committee noted the report and the work done.</p>	
7	<p>Risk Matrix and Strategy</p> <p>SW presented the Risk Management Strategy for 2009 and the current Risk Matrix. No substantive changes were proposed for the Strategy.</p> <p>Sub-Committee discussed the Risk Matrix and in discussion it was agreed that risks around Whitebeck Court and New Build should be added. The Covalent system would be updated accordingly.</p> <p>With these changes, Sub-Committee approved the Risk Management Strategy for 2009 and the current Risk Matrix.</p>	SW
8	<p>Fraud Register</p> <p>SW presented the Fraud Register to Sub-Committee. No entries had been added to the register since the last review and the officers were not aware of any outstanding issues.</p> <p>Sub-Committee noted the report.</p>	
9	<p>Any Other Business</p> <p>There was no further business for Sub-Committee to consider at the meeting.</p>	
10	<p>Date of next meeting</p> <p>The next meeting would be on Thursday 23rd July at 5:00pm at Hexagon Tower. The following meeting was also changes to Thursday 22nd October.</p> <p>With thanks to everyone, the Chair closed the meeting at 6.50pm.</p>	