

NOTTINGHAM CITY HOMES LIMITED

AUDIT COMMITTEE

Minutes of the Meeting of the Audit Committee held on **21 OCTOBER 2013** in the Board Room at 14 Hounds Gate from 5:30 pm to 6:40 pm.

Present

Committee Members:

Dave Bennett-Bull
Jon Sawyer - Chair
Glenn Harris MBE
Sarah Piper

Also in Attendance

Nicola Higginbottom	- BDO
Lorraine Hayes	- Governance Officer (Minute Taker)
George Pashley	- Company Secretary ("CS")
Darren Phillips	- Assistant Director of Finance & Procurement ("ADFP")
Jonathan Shaw	- Director of Business Services ("DBS")
Janet Storar MBE	- Guest

12/50 WELCOME, INTRODUCTIONS & ANNOUNCEMENTS

The Chair welcomed the attendees and for the benefit of the attendees introductions were made.

12/51 APOLOGIES

An apology for absence was received from Tamas Wood KPMG.

12/52 DECLARATIONS OF INTEREST

None declared.

**12/53 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
15 JULY 2013**

The Audit Committee ("AC") adopted the minutes as a true and accurate record of the meeting.

12/54 INTERNAL AUDIT REPORTS AND PLAN

The AC received the internal audit plan update and the following internal audit reports presented by BDO.

12/54.1 HEALTH & SAFETY POLICY & STAFF SICKNESS

Based on the results of the audit work completed during 2012/13, in accordance with the agreed internal audit programme, BDO gave an overall opinion of partly meets expectations. The Company Secretary ("CS") informed the AC that he had not been provided with the long term sickness statistics since the implementation of Oracle but one was expected in November. A number of employees who had been absent long term had returned to work but a reduced number had now been recorded as long term sick. The CS confirmed that a new absence management policy was under consultation with the recognised Unions. Dave Bennett- Bull sought assurance that the Company was mitigating against the risk of accidents reported and suggested that refresher training or hand-outs be circulated. The CS would make enquiries and report back to the AC. The Assistant Director Finance & Procurement ("ADFD") circulated to the AC an update on the Staff Sickness recommendations and advise that recommendation R 11 had been updated and R12 had been removed.

The CS confirmed the Staff Sickness would be reported quarterly to the Resources Committee.

The Audit Committee accepted the internal audit annual report.

12/54.2 MANAGEMENT OF CAPITAL SPEND AND PROGRAMME

The audit had focused on the adequacy and effectiveness of the internal controls in relation to The Management of Capital Spend and the Capital programme currently in place.

BDO concluded that the overall assurance level outcome was substantially meets expectations, with five medium level recommendations. It was reported that the recommendations had been accepted.

The Audit Committee accepted the internal audit report.

12/54.3 2013/14 INTERNAL AUDIT PLAN PROGRESS REPORT

THE 2013/14 Audit plan is regularly monitored and reviewed by management and BDO. The AC commented that visit four appeared lighter and discussed the opportunity to bring forward the cash collection review. The DBS would like more information on the impact of universal credit and the impact on resources with the increase in payments

The Audit Committee accepted the changes to 2013/14 Internal Audit Plan

12/55 OUTSTANDING AUDIT RECOMMENDATIONS

The ADFP presented a report outlining the management actions agreed and the progress made by the responsible officers in implementing the audit register recommendations.

The ADFP confirmed that the latest version of the registers included an additional 12 audit recommendations which were yet to be implemented.

The register had thirty three management actions on the register, eighteen of which had been completed and fifteen actions remained outstanding.

The DBS thanked the ADFP for significant progress made on the register.

The Audit Committee noted the report.

12/56 ORACLE /EAST MIDLANDS SHARED SERVICES UPDATE

The ADFP provided an update and highlighted that although the system was relatively stable there continued to be concern around the functionality of Oracle and the need for further developments to make it truly fit for purpose. The CS stated that within Payroll & HR the report writing functionality had not been introduced and NCH was not able to check payroll before it had been run so pay corrections was being dealt with in the subsequent month. The CS also highlighted the SLA and Data Protection Agreement for this project remained outstanding

The DBS advised the AC that the Head of Corporate & Strategic Finance had taken overall responsibility for EMSS and the Finance Lead accountant at NCH had also been seconded to continue working on the project.

The Audit Committee noted the update.

12/57 STANDING ORDERS PART 1 – FINANCIAL REGULATIONS (AMENDED)

The ADFP informed the AC of the practicalities of the recently revised limits had resulted in a significant number of routine employee mileage forms being escalated for approval to the Executive directors for approval. The AC was asked to approve the amendments

RESOLUTION:

The Audit Committee:

- 1 Agreed the amendment to the Standing Orders Part 1 Financial Regulations.**

12/58 BOARD MEMBER CONDUCT

The Chair of the Board advised there had been a number of Code of Conduct matters considered during the year, the nature of the offences were not directly related to the business of the Company. The Chair empathised that activities in the personal life can have a reputational impact on the Company and reminded Board Members they are required; in accordance with the Code of Conduct; to notify the Chair of the Board of any conduct matters. The Governance Officer (“GO”) at the meeting reminded the AC that annual declarations of interest form should be completed and returned to the Company Secretary.

12/59 CORPORATE RISK REGISTER

The CS confirmed there had been no changes to the Register since the Board considered the risk register in July 2013 and noted the amendments. Glenn Harris and Sarah Piper highlighted Risk 18 Implementation of Government Reform changes and the impact upon the Company’s finance and reputation. Sarah Piper queried if there was an opportunity to assist the work of the Nottingham Credit Union. The DBS will explore the feasibility of the query raised by Sarah Piper.

12/60 REGISTER OF DISPENSATIONS

The Chair informed the AC of the requirement to report dispensation to the AC. The GO advised that since the date of the last meeting three dispensations from financial regulations had been agreed. The AC was mindful that the use of dispensations was not used to dispense from the Standing orders Part 1 and Part two.

The Audit Committee noted the report.

12/61 DATE OF NEXT MEETING

The Audit Committee agreed that the date of the next meeting was scheduled for 13 January 2014

The meeting closed at 6:40 pm

Signed Date