

**NOTTINGHAM CITY HOMES LIMITED**

**AUDIT COMMITTEE**

**Minutes** of the Meeting of the Audit Committee held on **28 JANUARY 2013** in the Board Room at 14 Hounds Gate from 5.10 pm to 5:40 pm.

**Present**

**Committee Members:**

Dave Bennett-Bull

Jon Sawyer - Chair

Loretta Seymour

**Also in Attendance**

Peter Evans - KPMG

Nicola Higginbottom - PKF (UK) LLP

Janet Locker - Senior Governance Officer (Minute Taker)

Nick Murphy - Chief Executive

Darren Phillips - Assistant Director of Finance & Procurement

Ian Rabett - Head of Health & Safety

**12/15 WELCOME, INTRODUCTIONS & ANNOUNCEMENTS**

The Chair opened the meeting and welcomed the attendees. For the benefit of the attendees introductions were made.

The Chair announced that item 17 on the Agenda had been withdrawn from the non public agenda and placed on the public agenda.

**12/16 APOLOGIES**

Apologies for absence were received from Toby Neal and Glenn Harris MBE.

**12/17 DECLARATIONS OF INTEREST**

None declared.

**12/18 MINUTES OF THE AUDIT COMMITTEE MEETING HELD  
ON 12 NOVEMBER 2012**

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

Appended to the minutes was a recommendation from the Internal Auditors regarding a minor change to the Accountability section (para 2) of the ACs Terms of Reference. Senior Governance Officer (“SGO”) confirmed that the Terms of Reference had been amended and asked the AC to formerly approve the minor amendment to the Company Standing Orders: Part 1 Governance.

The word financial has been removed and now reads:

*“The main objectives of the Audit Committee are to independently contribute to the Board’s assurance that effective internal control and risk management systems are maintained and reviewed and that the Company’s financial performance is being effectively managed.”*

**RESOLUTION:**

**The Audit Committee approved the minor amendment to the Company’s Standing Orders: Part 1 Governance on behalf of the Board.**

**12/19 BS OHSAS 18001 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS**

Consideration was given to a report of the Head of Health & Safety (“HHS”) that provided an update on the progress made in the Company obtaining the OHSAS 18001 certification.

This is a major achievement for the Company as it demonstrates health and safety meets exacting standards.

The HHS advised that the project was led by Glen Langham assisted by managers across the Company.

The HHS was asked to communicate the AC congratulations to the team,

**The Audit Committee noted the report.**

**12/20 2012/13 EXTERNAL AUDIT PLAN - KPMG**

Consideration was given to the Planning Memorandum presented by KPMG which outlined the audit approach for the year ended 31 March 2013. KPMG confirmed the audit approach is risk based and highlighted the main risks to be audited.

The audit timetable was confirmed, with an initial visit in February 2013 followed by the main visit in June 2013. The audit will be conducted by a new team of Auditors.

The AC was informed that KPMG had been appointed by Nottingham City Council and the AC was given assurance there was no conflict of interest.

**RESOLUTION:**

**The Audit Committee approved the external audit plan for 2012/13.**

**12/21 INTERNAL AUDIT REPORTS AND PLAN**

The AC received the following internal audit reports presented by PKF (UK) LLP.

## 12/21.1 RISK MANAGEMENT FRAMEWORK

The audit had focused on the adequacy and effectiveness of the internal controls over the risk management framework currently in place.

PKF concluded that the overall assurance level outcome was substantially meets expectations, with six recommendations (five medium and one low) and reported that recommendation R5 had not been agreed. The Assistant Director of Finance & Procurement (“ADFP”) advised that changes to the Corporate Risk Register would be reported at the next Committee meeting.

The AC noted the timetable for actions to be completed.

The AC was informed that training will be provided under the Board Development programme. PKF advised that a discussion had taken place with the Company Secretary regarding risk management training prior to a future meeting.

**The Audit Committee accepted the internal audit report.**

## 12/21.2 PLAN PROGRESS REPORT

PKF presented the plan progress report for the next financial year. The ADFP to update the plan and identify any changes in priorities.

**The Audit Committee accepted the update and agreed to receive the two internal audit reports.**

## 12/22 **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 there were thirty eight management actions on the register, sixteen were now complete and twenty two remained outstanding, four high, fourteen medium and two low. The register now contained information regarding the number of months an action has been recorded on the register.

The ADFP reported that the Company continued to make progress which is closely monitored by the Executive Management Team (“EMT”) and will be reported back to the next meeting.

**The Audit Committee noted the report and was satisfied with the progress made by management in implementing agreed actions.**

## 12/23 **THREE YEAR AUDIT PROGRAMME AND 2013/14 AUDIT PLAN**

Consideration was given to the internal audit plan for 2013/14 and an update to the strategic internal audit plan presented by PKF.

The ACs attention was drawn to the strategic audit plan risks and following discussions with management PKF had re-focused the time as assurance was to be gained from elsewhere in the Company.

The Chair was concerned about the number of planned days for 2013/14 in light of the Company's opportunities for new business and queried why the third year was lower; PKF confirmed that this was due to the Company seeking other assurances from other sources. The Chair asked that the CEX/ADFP consider the plan on an ongoing basis to identify other areas of work/activity which may require audit.

**The Audit Committee noted the report.**

**12/24 REGISTER OF DISPENSATIONS**

The SGO advised the Audit Committee of the dispensation to Financial Regulations and/or Tender Contract Procedure Rules agreed since the last meeting of the Audit Committee.

**The Audit Committee noted the report.**

**12/25 ANY OTHER BUSINESS**

None.

**12/26 DATE OF NEXT MEETING**

**The Audit Committee agreed that the date of the next meeting was scheduled for 15 April 2013.**

**The meeting closed at 5.40 pm**

**Signed .....**      **Date .....**