



The Gateshead Housing Company Audit Committee

Wednesday, 16 October 2013 at 2pm
Board Room 1, The Gateshead Housing Company, Keelman
House, Fifth Avenue Business Park, Fifth Avenue, Team Valley
Trading Estate, Gateshead NE11 0XA

Agenda

Item	Business
1.	Apologies for Absence
2.	Declarations of Interest
3.	Membership To note the appointments of Sheila Bouitieh and Helen Hall onto the committee
	<u>PRESENTATION BY INTERNAL AUDIT</u>
4.	Introduction to Internal Audit and The Role of The Audit Committee Presentation by Jim Farquar, Chief Internal Auditor, Gateshead Council
	<u>ITEMS FOR DECISION</u>
5.	Minutes (Pages 3-8) To approve as a correct record the minutes of the last meeting of the committee held on 3 July 2013
6.	Matters Arising

Contact: Stuart Gibson Tel: (0191) 433 5308 Date: 9 October 2013

Item	Business
7.	Code of Governance (Pages 9-23) Report of Managing Director
	<u>ITEMS FOR INFORMATION</u>
8.	2013/14 Internal Audit Plan – Progress Report (Pages 24-26) Report of Chief Internal Auditor, Gateshead Council
9.	Items for Future Agendas
10.	Date and Time of Next Meeting The next meeting will be held on Tuesday 14 January 2014 at 2pm in Board Room 2 at Keelman House, Fifth Avenue Business Park, Team Valley, Gateshead
11.	Exclusion of the Press and Public The committee may wish to consider excluding the press and public from the meeting during consideration of the remaining items in accordance with categories 1 and 4 of the company's Access to Information Rules.



AUDIT COMMITTEE

3 July 2013

PRESENT:

Directors

George Clark (Chair)
 Robert Buckley
 Mick Davison
 Peter Mole
 Joachim Moussounda Mouanda
 Eileen Gill

Advisers

Jon Mallen-Beadle	Managing Director
Neil Bouch	Director of Customers and Communities
Natalie Hewitt	Head of Corporate Services
Jim Farquhar	Chief Internal Auditor, Gateshead Council
Deborah Clark	Audit and Risk Manager, Gateshead Council
Mick Thompson	KPMG
James Morgan	KPMG
Stuart Gibson	Governance and Risk Officer

10 MINUTES

The minutes of the meeting of the committee held on 15 May 2013 were approved as a correct record.

11 MATTERS ARISING – APPOINTMENT OF DEPUTY CHAIR

RESOLVED – That the appointment of a Deputy Chair continue to be deferred until there is a full composition of members on the committee.

12 REPORT ON STATEMENT OF INTERNAL CONTROL – 2012/13

It is a requirement under the UK Corporate Governance Code that companies undertake, at least annually, a review of the effectiveness of their systems of internal control. A company's board should undertake this review for the purposes of making its public Statement of Internal Control, which is published as part of the financial statements.

The statement of internal control as published as part of the financial statements was submitted, covering the following areas: -

- Governance and Risk Management

- Performance Management
- Financial Management
- Internal Audit
- External Audit

The report is designed to provide assurance that the information as stated within the statement of internal control is accurate and reliable and can be published as part of the financial statements.

- RESOLVED – (i) That the Board be recommended to approve the Statement of Internal Control contained within the Financial Statements for the year ended 31 March 2013.
- (ii) That evidence that the Internal Audit is operating effectively and in compliance with the Code of Practice for Internal Audit be sent to all members of the committee and appended to future annual reports.

13 DRAFT DIRECTORS' REPORT AND FINANCIAL STATEMENTS – 2012/13

The draft directors' report and financial statements for the year ended 31 March 2013 were submitted.

The financial result for the period was a deficit of £87,000 (2012: £99,000 deficit). The fourth quarter management accounts indicated that the financial result was an expected surplus of £28,000, however, a bad debt provision has been created in respect of uncertain insurance claims. A explanation of how the management accounts are reconciled to the statutory accounts was submitted.

The increase from a surplus of £28,000 in the management accounts to an operating surplus of £333,000 (2012: £19,000 deficit) in the statutory accounts is due to receiving a one-off VAT rebate.

The Company has also made a £115,000 provision against amounts due as a result of fire damage that, following advice from the Company's insurers, are now unlikely to be recovered although it will continue to discuss this situation to see if it can recover the monies.

The Company registered a pre-tax and interest deficit in the year of £58,000 prior to interest receivable of £1,000 and pension scheme finance costs of £30,000 (2012: interest receivable of £2,000; finance income of £160,000).

The balance sheet has been reduced due to the deficit for the year and the actuarial losses in the pension scheme, however closing revenue reserves excluding net pension provisions have increased to £921,000 (2012: £588,000). The directors and management continue to implement efficiency savings ahead of targets and as a result believe the company is in a strong financial position to deliver its strategic and operational goals.

In line with last year's accounts, it has been necessary under FRS 17 (a financial reporting standard) to adjust the accounts for the pension fund liability attributable to the company's employees. The net pension liability was £14.59m as at 31 March 2013 (£13.85m as at 31 March 2012) as calculated by the Pension Fund's actuary.

External Audit explained to the committee what experience adjustments on pension scheme liabilities meant. External Audit also gave a reassurance that the pension liabilities shouldn't be a concern for the Board.

The Board was informed that provision for insurance claims is reviewed annually.

RESOLVED – That the Board be recommended to approve the Directors Report and Financial Statements for the year ended 31 March 2013 to the Board, subject to a minor amendment to the 'The Board and Executive Officers' section.

14 KPMG MANAGEMENT REPORT – YEAR ENDED 31 MARCH 2013

During May 2013, the company's external auditors (KPMG) carried out an audit of the report and financial statements for 2012/13. A report presenting their findings was submitted.

There were no significant issues raised in the report and all of the recommendations have been responded to by the Company.

As part of the audit, KPMG require the letter to be signed by the Chair and the Company Secretary on behalf of the Board. The letter was attached at Appendix 4 in the KPMG management report.

- RESOLVED –
- (i) That the management report for the year ended 31 March 2013 be approved.
 - (ii) That the Board be recommended to authorise the Chair and the Company Secretary to sign the management representation letter on behalf of the Board.
 - (iii) That representatives from KPMG, Jon Mallen-Beadle, Natalie Hewitt and Mark Banks be thanked for their work for such a positive report being produced.

15 OPERATIONAL RISK REGISTER – CORPORATE SERVICES AND CUSTOMERS AND COMMUNITIES DIRECTORATES

An updated Operational Risk Register for the Corporate Services and Customers & Communities Directorates were submitted.

Following recommendations in the last internal audit report of risk management, the following columns been added to the operational risk register: -

- Residual likelihood after the future actions
- Residual impact after the future actions
- Impact of cost effectiveness of future actions (including any financial implications of implementing the actions)

The following risks have been deleted from the registers: -

- Equality and Diversity – Not meeting the requirements of the CRE Code of Practice
- Lettings – Reduced availability of properties
- Lettings – Potential loss of functionality and ability to cross reference data due to change to a sub-regional lettings scheme across Tyne and Wear
- Loss of/damage to furniture packages by tenants
- Improvement Team – Risk of complaints not being managed and used effectively
- Improvement Team – Risk of not achieving service standards
- Improvement Team – Risk of maximising use of customer data
- Tenancy and Estate Management – Reduction or removal of partnership work placements from ASB service

The following new risks have been added to the register: -

- Lettings – Properties becoming difficult to let
- Lettings – Lack of availability of properties in demand
- Gas Servicing – Customers installing their own cookers
- Gas Servicing – Customers installing their own cookers in high rise properties

The Board was informed of the reasons for having two separate risks for customers installing their own cookers in properties and in high rise properties.

RESOLVED – That the updated Operational Risk Registers for Corporate Services and Customers & Communities Directorates be approved, subject to: -

- The impact for FI1 – Increasing occurrence and cost of third party insurance claims – being increased from a '2' to a '3' given the increase in premiums
- The residual impact for FI5 – Service level agreements not reviewed – being reduced from a '3' to a '2' given the register was suggesting the impact had increased despite the proposed future actions

16 INTERNAL AUDIT ANNUAL REPORT 2012/13

The committee was informed of work undertaken by the Internal Audit Service for 2012/13 and gave an overall assessment of the adequacy of the company's internal control systems based on this work.

The position as at 31 March 2013, showed the completion of 120.7% of the audit plan, in terms of actual audit hours against planned hours (109% for 2011/12).

The 2012/13 Internal Audit Plan agreed 24 audits to be carried out in the year. All audits have now been completed with the exception of one which was carried forward to 2013/14.

The Chief Internal Auditor has in place a quality review process that involves all audit work being reviewed by the Audit & Risk Manager to ensure it is of a high and consistent quality. The Chief Internal Auditor sample checks this process and gives feedback to the auditors involved. An action plan is in place for the continued development of the Audit Service which accommodates these findings. The only issues raised by the reviews related to minor administrative procedures and training has taken place to address these.

Based on evidence arising from the internal audit activity during 2012/13, the opinion of the Chief Internal Auditor is that the Company's internal control systems are considered to be effective.

For 2012/13, all 23 audits concluded that systems and procedures in place were operating well or satisfactory.

All audit recommendations will be followed up by internal audit in line with approved timescales based on an assessment of risk; for those audits with significant weaknesses this will be within the next 12 months.

It is the responsibility of management to install and maintain effective internal control systems to ensure sustained and effective operations. The role of the Internal Audit Service is to assist managers in the effective discharge of this responsibility and in so doing, deliver the objectives of the Company and its associated partners.

Internal Auditors have received full co-operation from all employees involved in the areas under review and all audit recommendations have been satisfactorily addressed by management.

- RESOLVED – (i) That the information be noted.
- (ii) That training around the internal audit function be organised as soon as there is a full composition of members on the committee.

17 THE INTERNAL AUDIT STRATEGY STATEMENT 2013-16 AND ANNUAL PLAN

The committee received further information in respect of the development of the Internal Audit Annual Plan for 2013/14, as requested at the last Committee on 15 May 2013.

The Chief Internal Auditor has produced a strategic 3-year plan and statement of how the work of Internal Audit contributes to the achievement of the Company's objectives, a copy of which was submitted.

The Chief Internal Auditor explained to the committee that the risk model for internal audit is separate to the operational risk register. This will be explained further during the training to committee members.

RESOLVED – That the approach and strategy that has supported the development of the 2013/14 Internal Audit Plan be noted.

18 2013/14 INTERNAL AUDIT PLAN – PROGRESS REPORT

Progress made by the Internal Audit Service against the audit plan for the financial year 2013/14 was reported.

As at 30 June 2013, five audits are currently in progress although no reports have been issued to date. 15% of the audit plan in terms of actual audit days against planned days was achieved by the Internal Audit Service.

The committee expressed concern about a 100% target for audits completed against the annual plan given that six of the 2012/13 audits were carried over to 2013/14 before being completed and no audits having been completed in the 2013/14 audit plan to date.

RESOLVED – (i) That the information be noted.

(ii) That future progress reports also include the risk score for each audit.

(iii) That future targets for the number of audits completed against the annual plan be realistic and achievable even if this results in the target being less than 100%.

19 DATE AND TIME OF NEXT MEETING

Wednesday, 16 October 2013 at 2pm.

20 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business in accordance with the indicated categories of the Company's Access to Information Rules.



Report to Audit Committee

16 October 2013

Title: Code of Governance

Report of: Managing Director

Purpose of Report

1. To provide the committee with an update on progress of meeting the actions identified in the Action Plan following agreement to adopt the National Housing Federation: Excellence in Governance as the Company's Code of Governance.

Background

2. The Audit Committee, at its meeting on 13 March 2013, recommended to the Board the adoption of the National Housing Federation: Excellence in Governance as the Company's Code of Governance. This was subsequently adopted by the Board, at its meeting on 21 March 2013 and it was agreed that the Audit Committee would receive updates on progress meeting the actions identified in the Action Plan.

Progress to date

Board Appraisals

3. One of the actions identified as good practice was that consideration should be given to whether the Chair of the Board should be appraised by an independent third party or Chair of Audit Committee.
4. The Chair is currently appraised by members of Resources Committee. In line with good practice, it is proposed that in future the Chair of the Board should be appraised by the Chair of Audit Committee and the Chair of Resources Committee.

Board Recruitment Policy

5. The NHF guidance advises that Boards should consider any potential conflicts of interest and adopt policies limiting the number of board members who are the paid staff or board members of other housing providers. As previously reported in the action plan, there are no paid staff on the TGHC Board of Directors.

6. In respect of potential conflicts of interest regarding the number of board members of other housing providers, the Company has previously had directors who are board members of other housing providers and this has never proved an issue. The Company has in place appropriate mechanisms for recording and declaring any interests and therefore it is proposed that there is no need to amend the Recruitment Policy to reflect this.

Relationship between TGHC and Keelman Homes

7. The Action Plan recommends a more structured reporting mechanism in place between TGHC and Keelman Homes. Recently a number of reports have been considered by Keelman Homes and reported to the Board for information which addresses this issue.
8. In addition, the TGHC and Keelman Homes Board Meetings in September 2013 were both held at Kibblesworth Lounge with a joint visit of the new build site. This also provided an opportunity for both Boards to interact with each other.
9. It is the recommendation of this report that the Board receives the minutes of the Keelman Homes Board for information.

Board Champions

10. The company currently has an informal arrangement whereby the committee chairs are Board Champions for these areas. It is proposed that the Governance and Risk Officer carry out further investigations into arrangements within other organisations and report back to the next meeting of the committee.

Governance Handbook

11. A number of policies within the Governance Handbook were out of date and with the exception of the Senior Management Key Responsibilities and Delegation to Managers (which are currently being reviewed) have now been updated to reflect the current committee and senior management structures.
12. The Protocol for Meetings of the Board and its Committees is substantially out of date and most of this is no longer relevant or is picked up elsewhere within the organisation. It is proposed that the Protocol be deleted from the Governance Handbook.

Board Induction Process

13. The current Board induction process has been in place since the Company was established. On appointment, new directors are provided with a comprehensive Induction Pack, a mentor is identified and training needs are identified. In addition, new directors have an informal meeting with the Chair of Board after six months of service to see how they are settling in and whether they have any issues.
14. The Action Plan recommended that a time limited task group be set up to look at this. It is proposed that volunteers to sit on the task group be sought at the Board Meeting in November.

Code of Conduct for Directors of the Company

15. The Code of Conduct for Directors of the Company was re-written by Arvinda Gohil, Housing Quality Network in line with best practice and agreed by the Board in July 2008. The Code of Conduct has not been reviewed since then.
16. The National Housing Federation: Excellence in Governance which the Company's Code of Governance is based on was also written by Arvinda Gohil. A review of the Code of Conduct has been carried out to ensure it complies with this. Consultation has also been carried out with other ALMOs to identify any good practice.
17. Following the review, it appears that the Company's Code of Conduct for Directors of the Company already complies with good practice. However, updates are proposed in the following areas: -
 - Relationship between Board Members and Staff
 - Employment Matters
 - Clarification of the exemptions for Board Members receiving housing or other benefits from the company
 - Conduct outside of Board Meetings
 - Statement of Board Members' Obligations (this will replace the current obligation signing up to the Code of Conduct)
18. The updated Code of Conduct for Directors of the Company is attached at the Appendix to this report and amendments are highlighted in blue.

Governance Publications

19. The NHF suggested that all Board Members should be provided with copies of the following publications in order to familiarise themselves with them: -
 - Excellence in Governance: Code for Members
 - Excellence in Standards of Conduct: Code for Members
20. A request has been made to the NHF for sufficient licences to post these on the Board Members Website and the cost of these is being awaited.

Link to Values

21. This report links to the following company values: -
 - Being a listening and learning organisation
 - Being honest, accountable and transparent

Risk Management Implications

22. Failure to manage effective corporate governance has been identified as a strategic risk of the company and the adoption of the Code of Governance will mitigate further this risk.

Financial Implications

23. There are no financial implications directly arising from this report. However, there may be some financial implications obtaining licences to post the NHF publications on the Board Members Website.

Equality and Diversity Implications

24. There are no equality and diversity implications directly arising from this report.

Health Implications

25. There are no health implications directly arising from this report.

Environmental Implications

26. There are no environmental implications directly arising from this report.

Value for Money Implications

27. There are no value for money implications directly arising from this report.

Consultation carried out

28. The Governance and Risk Officer has consulted with other ALMO Governance Officers to ascertain whether their recruitment policies limit the number of board members of other housing providers and none of those who responded made this provision.

Impact on Customers

29. There is no impact on customers as a result of this report.

Recommendations

30. It is recommended that the following proposals outlined in the report be recommended to the Board for approval: -
- The Chair of the Board be appraised by the Chair of Audit Committee and Chair of Resources Committee.
 - No amendments be made to the Recruitment Policy regarding the number of board members of other housing providers.
 - Further investigations be carried out into arrangements around Board Champions within other ALMOs.
 - The Protocol for Meetings of the Board and its Committees be deleted.
 - The Board receive the minutes of Keelman Homes for information.
 - Volunteers to sit on time limited task group to look at the current induction process be sought at the Board Meeting in November.
 - The updated Code of Conduct for Directors of the Company be approved.
 - The Action Plan be updated and posted on the Board Members Website after consideration by the Board.



CODE OF CONDUCT FOR DIRECTORS OF THE COMPANY

This code of conduct is relevant to all directors of the board and staff.

All individuals are expected to be aware of its contents and to adhere to the requirements of the code.

1 Introduction

The board of Gateshead Housing Company have ultimate responsibility for all actions carried out by board of directors. This responsibility encompasses trusteeship of large sums of public money and the housing and care of large numbers of people. Therefore our conduct should give confidence to residents, partners, stakeholders and funders. We will do this by demonstrating integrity at all times; avoiding any suggestion of influence by improper or biased motives.

This code of conduct respects the seven principles of public life adopted by the Nolan committee and was adopted by the board on 3 July 2008 and represents the agreed policy of the company. It applies to all directors of the board, including co-optees and members of committees. Where 'director' is used it is intended to encompass all these people.

The seven principles are:

Selflessness

To take decisions solely in terms of the Gateshead Housing company values and purpose and not in order to gain financial or other material benefits for family, friends or ourselves.

Integrity

Not to place ourselves under any financial or other obligation to outside individuals or organisations that might influence the performance of our duties.

Objectivity

To ensure impartiality in the delivery of services, the appointment of staff, or the awarding of contracts and that choices are made on merit alone.

Accountability

To accept accountability for our decisions and actions towards our residents, the providers of public funds and other stakeholders and to submit ourselves to whatever scrutiny is appropriate.

Openness

To be as open as possible about all the decisions and actions that we take. We should give reasons for our decisions and restrict information only when individual or commercial confidentiality demands.

Honesty

To declare any private interests relating to duties and to take steps to resolve any conflicts arising in a way that is lawful and protects the Gateshead Housing company reputation, values and purpose.

Leadership

To promote and support these principles by leadership and example.

2 Disclosures of interest

To show that directors of the board do not receive improper personal benefits because of activities of the organisation, a 'disclosure of interest' return will be completed annually.

2.1 All directors are required to sign a 'disclosure of interest before taking up their duties and then on an annual basis. Directors must ensure that:

- Private and personal interests do not influence their decisions, which impact upon the company.
- They do not use their position, or the company's activities, to obtain a personal or business gain either for themselves, or their families, friends and associates.

2.2 Declarations should be made in the following cases:

- **Duality of interest:** where circumstances could potentially bring about some personal or business gain
- **Conflicts of interest:** where both a company interest and a personal/business interest occurs
- **Family interest:** any interest of any kind whether financial or non-financial where the company and you, or a close member of your family, (including partners and their families) are involved or connected in any way
- **Business interest:** any relationship with a business, company or organisation that, to your knowledge, has contracted with the company or are on the company's contractors or consultants lists.

2.3 All types of interests must be disclosed and could include the following:

- An interest in any property being purchased by the company
- An interest in any company selling or acting as agent for any property being purchased by the company

- A business or a personal relationship with any person or firm earning fees from work placed by the company
- A business or personal relationship with any person or firm entering into a contract to carry out work for the company.

2.4 Disclosures of interest are held in a register by the ~~company secretary~~ **Managing Director**, which is open to public scrutiny.

3 Relationships with residents

Staff and board directors should be especially careful of relationships with residents. Any personal relationship must not conflict with the best interest of the resident concerned, or bring undue pressure to bear in matters concerning their rights as residents:

- Staff and board directors must never allow themselves to be compromised by, nor take advantage of, their relationships with residents. The relationship of trust must never be abused
- Handling money belonging to residents should be avoided whenever possible. If there is no alternative, extreme care should be taken and any transaction must be properly receipted and recorded in accordance with policies and procedures.

4 Relationship between Board Directors and Staff

The company is keen to promote and encourage a positive working relationship between staff and Board directors. However, office visits by Board directors should normally be undertaken by appointment and directors should not become directly involved in dealing with operational matters.

5 Employment Matters

- 5.1 Board directors involved in making appointments should ensure that these are made on the basis of merit alone. It is unlawful to make an appointment based on anything other than the ability of the candidate to undertake the duties of the post. Personal preferences should not influence judgements to be made.
- 5.2 Board directors must not be involved in an appointment where they are related to an applicant or have a close personal outside relationship with him or her. Any such relationship should be declared.
- 5.3 Similarly, Board directors should not be involved in decisions relating to discipline for any employee who is a relative, partner or close personal friend.
- 5.4 Board directors must not canvas the support of other directors or officers for any candidate applying for employment.

6 Gifts

Giving and receiving gifts creates a relationship that can be seen to influence the company's judgement. Therefore board directors should always avoid gifts except in the very limited circumstances below:

- The giving and receiving of other than normal gifts should be avoided and gifts of cash must never be accepted. Staff must not put themselves in a position that may influence them or be perceived to influence them in the conduct of their duties
- Personal gifts must not be solicited under any circumstances. Anyone offering gifts should be asked to donate them for residents' benefit or should be pooled for donation, raffled or gifted to an external charity.

Exceptions and how to deal with gifts:

- Only small personal gifts with a value of under £25 (e.g., diaries, calendars, stationery, flowers, and chocolates) may be accepted when refusal would offend
- Any other gifts received should be pooled and used for residents or other charitable benefit. No personal benefit to individuals or groups of staff or board directors is permitted
- Modest gifts to another individual or organisation may be made only in exceptional circumstances and with the prior approval of an executive director or chair
- It is particularly important board directors do not accept gifts of value from residents or potential residents, although birthday cards or a small gift of modest value may be accepted.

All gifts received must be declared and recorded in a register held by the [company secretary Managing Director](#).

7 Entertainment and hospitality

Entertainment and hospitality should be avoided except in the limited circumstances set out below:

- Directors may not solicit hospitality and may not give or receive repeated or lavish hospitality or entertainment. Occasional and modest hospitality is permitted with a manager's approval
- An exception must have prior approval from the chair or the chair of audit in the chairs absence or if it relates to the chair
- Hospitality must always be recorded in the register held by the [company secretary Managing Director](#).
- Business lunches are permissible but must have the consent of an executive director and must be recorded in the hospitality book.

8 Permitted payments

A board director may not receive any payment or benefit (except as set out below) from the Gateshead Housing company.

The following payments are permitted:

- The payment/reimbursement of reasonable travel and other out of pocket expenses

- Board directors may not receive any payment, loan or grant from funds associated with the company unless it is in accordance with employment conditions or relevant policies and procedures.

9 Provision of housing and other benefits

Board directors must not receive housing or other benefits from the company except as allowed by special exemptions agreed by the Audit Commission and those on Schedule 1 of the 1996 Housing Act, [namely](#)

- [where the person can meet the criteria applied to all applicants by the company;](#)
- [where it is possible to justify the action to the wider public in terms of housing need; and](#)
- [the person has had no involvement in or influence over the process by which the company allocates housing.](#)

10 Financial grants and loans

Keeping personal money totally separate from the company's money and work, will avoid problems

- Board directors and their close relatives may not receive loans from residents and may not give loans from their personal money to residents
- Board directors should not in any way involve or mix their personal money with the company's funds except in an emergency. In such cases, the [chief executive Managing Director](#) must be notified as soon as possible and a record made.

11 Confidentiality and 'whistle blowing'

11.1 The company is committed to working openly, however its work involves confidential information about customers and the company's business and that confidentiality must be respected. With the obvious exception of personal information, the business will only be confidential if this is unavoidable. It is the company's policy to publish performance information and to make available for inspection the agenda and papers for board and committee meetings. These are available on the company's website. In addition the board meets in public session at all its meetings, where members of the public are welcome to attend.

11.2 However, board directors must treat the following as confidential:

- Information concerning people, e.g., residents, staff, applicants or people associated with the company
- Those matters of the company's commercial business which are defined as confidential
- Matters relating to the company's funders, agents or partner organisations
- Any information covered by the relevant data protection and similar legislation.

11.3 Where it is essential that information is released outside the company, this must be with the express consent of the individual concerned, except in meeting overriding legal requirements. If in doubt, an executive director, the ~~chief executive~~ **Managing Director**, ~~the company secretary~~ or the chair must be consulted.

11.4 'Whistleblowing'

- Board directors who become aware of any breach of this code, or other procedures, or any impropriety, have a duty to draw this to the attention of the chair, vice chair or the ~~company secretary~~ **Managing Director**
- In matters of serious concern or sensitivity, board directors have the right to take reasonable, independent legal advice at the company's expense. This should be done after consultation with the chair, vice chair or ~~company secretary~~ **Managing Director**.
- As a final step, board directors may make their concerns known to the Audit Commission
- In no circumstances will anyone raising legitimate concerns by following these procedures be penalised in any way for doing so. Equally, abusing this process by raising unfounded or malicious allegations is a serious disciplinary matter.

12 Gateshead Housing company's vision, values and objectives

Vision

12.1 To provide excellent homes and housing services.

Mission Statement

12.2 To work in partnership with residents and the community to create homes and neighbourhoods that meet the aspirations of the people of Gateshead.

Values

12.3 We will achieve this by:

- Being customer focused, innovative and professional
- Being honest, accountable and transparent
- Caring and respecting
- A commitment to all our employees
- Being motivated, trained, and committed across the company
- Embracing equality
- Being a listening and learning organisation.

13 **Outside Political** activities

13.1 Board directors may well be involved in political activities and may be nominees of the local authority. However, they must be aware that the company is non-political and ensure that it cannot be brought into the political arena or its reputation or status damaged by the personal political activities of individual board directors.

13.2 Staff and board directors should make a disclosure of interest if they are a member of any organisation not open to the public that has secrecy about its rules or conduct.

14 Equality and diversity

Gateshead Housing Company is committed to attaining equalities and diversity in all of its work. Board directors must through their actions seek to uphold the company's equality and diversity policy and ensure that discrimination does not occur. They must also be aware of the scope for discrimination in the granting of tenancies, contracts of employment and contracts for goods and services. The company monitors the ethnic origin, gender and disability of board directors. Board directors are encouraged to supply this information to ensure the company reflects the communities it serves.

15 Purchasing

Board directors must avoid suspicion of preferential treatment of suppliers by separating their private purchase from the company's.

15.1 In order to avoid any suspicion that a supplier may give or receive favourable treatment, board directors must try to achieve separation between their personal purchasing decisions and those for the company.

15.2 Board directors may not normally use for personal or private business any of the company's professional advisors, consultants, contractors or suppliers of goods or services (except monopolies, or near monopolies such as utilities, e.g., gas, water, BT). Where this is unavoidable, board directors must obtain the approval of the chair confirming that no financial advantage will be secured.

16 Conduct at board, committee and internal meetings

16.1 Board directors are expected to attend the vast majority of board meetings and to notify the company administrator if they need to give their apologies for absence from a particular meeting. Directors who are unable to attend meetings regularly should contact the chair in order to explore a way forward which is acceptable to all parties.

16.2 If board directors are present at a meeting that is discussing any item which poses a conflict of interest, they should declare the interest. If the conflict is clear and substantial, they should leave the meeting.

16.3 All meetings including those of the board and committees should be polite, professional and business like. At all meetings the chair will preside over the proceedings. Swear words, racist or sexist remarks or disruptive behaviour must never be used. Abuse of staff or board directors will not be tolerated.

16.4 Board directors must accept collective responsibility for all decisions taken at board meetings. From time to time individual board directors may privately disagree with board decisions. However it is essential that they do not dissent from the corporate decision at any subsequent public occasion.

17 Conduct outside of Board Meetings

Board Directors should be willing to attend training events, individually or with the Board, in order to expand their knowledge and to keep up to date. There may also be occasions when it is necessary to attend other meetings. When acting as a Board Director, a director should act, and be seen to act, properly and in the interests of the company at all times.

18 Special provisions for board directors and committee members

18.1 Board Directors carry special duties of accountability and, as a consequence, their conduct and personal integrity must always be beyond reproach.

18.2 Any Board Director who becomes subject to legal proceedings brought against him/her by the company or brings legal proceedings against the company, or becomes subject to any criminal or civil proceedings, the nature of which could compromise his/her position as a member shall immediately be suspended from membership of the board or committee upon which they serve. Upon conclusion of any proceedings, the board will decide whether to reinstate or seek removal of a Board Director in accordance with the company's rules. In the case of committee members who are not also board directors, the decision to reinstate or dismiss will be determined by resolution of the board.

19 Contact with media

Board directors who are approached by the media must not respond directly and must contact the ~~chief executive~~ **Managing Director** or another senior member of staff immediately. Board Directors must not use the media to undermine the company in any way. Any leaking, releasing or distribution of confidential information will be viewed as a serious breach of the code of conduct.

20 General

In all cases where the personal conduct of board directors might be viewed as conflicting with their work for the company, they are required to disclose details to the ~~chief executive~~ **Managing Director** or chair of the company as appropriate and enter details in the register held by the ~~company secretary~~ **Managing Director**.

- In any case of uncertainty, board directors should always make an entry in the disclosure of interest register
- When representing the company, board directors will at all times be courteous and fair to tenants, customers and everyone with whom they come into contact
- Board directors should carry out their responsibilities in accordance with the company's policies and procedures
- Board directors who represent the company are expected to dress and conduct themselves in a way appropriate for the duty or function they are carrying out or attending
- Board directors must observe and be aware of the company's financial regulations.

21 Failure to comply

21.1 Board directors should recognise that failure to follow this code of conduct may damage the Gateshead Housing Company and will normally be viewed as a disciplinary matter and action will be considered in accordance with the current rules and standing orders.

21.2 In the event of an alleged breach of the Code of Conduct by a Board director, an investigation will be carried out in accordance with Procedure for Dealing with Complaints against Board Members.



Statement of Board Directors' Obligations

The obligations of Board directors are to: -

- (a) uphold the values and objectives of The Gateshead Housing Company
- (b) uphold The Gateshead Housing Company's core policies (including the Code of Conduct, Financial Regulations and those for equal opportunities)
- (c) ensure they understand the constitutional and legislative framework as it applies to The Gateshead Housing Company and act only within its powers
- (d) contribute to and share collect collective responsibility for the Board and committee decisions including their duty to exercise reasonable skill, care and independent judgement;
- (e) read the Board/committee papers, attend Board/committee meetings, training sessions of The Gateshead Housing Company and other events;
- (f) represent The Gateshead Housing Company on occasions;
- (g) declare any relevant interests and avoid conflicts of interest;
- (h) respect the confidentiality of information;
- (i) respect proper channels of communication;
- (j) uphold the National Housing Federation's Excellence in Governance Code for Members, the National Housing Federation's Excellence in Standards of Conduct code for members and good practice guidance; and
- (k) act in accordance with the Articles of Association.

The Board will review and, if necessary, amend the obligations of Board directors and the form of this statement from time to time.

FOR BOARD MEMBERS

I (Name)

Of (address)

.....

.....

.....

being a Board director of The Gateshead Housing Company confirm that I will meet my obligations to the company as set out and amended from time to time.

Signature:

Date:



Report to Audit Committee

16 October 2013

Title: 2013/14 Internal Audit Plan – Progress Report

Report of: Chief Internal Auditor, Gateshead Council

Purpose of Report

1. This report outlines progress made by the Internal Audit Service against the audit plan for the financial year 2013/14.

Summary

2. The Audit Plan for 2013/14 was agreed by this Committee on 15 May 2013. Progress against the plan is detailed in the Appendix. As at 30 September 2013, four final and one draft reports have been issued and a further nine are currently in progress. The four final reports issued equates to 18% of audits planned for the year.
3. The Internal Audit Strategy 2013-16 was agreed by the Committee on 3 July 2013 and details our performance management targets. The table below sets out the current position against each target.

Performance Indicator	Actual Position at 30/09/13	Annual Target
Actual hours against planned hours achieved in 2013/14	63%	97.25%
Number of audit assignments completed against annual plan	18%	100%
Number of audit recommendations implemented	88%	75%
Audits completed within agreed time	89%	90%
Customer satisfaction levels	100%	97.5 – 99%

4. As at the 30th September 2013 63% of actual to planned hours have been completed. This is therefore well in excess of the profiled target of 48.63% of actual hours being completed by the end of quarter two and on course to achieve the annual target of 97.25%. This includes all time expended during the first two periods including audits completed in relation to the previous financial year and current year audits that are in progress.

Link to values

5. This report links to the following company values: -
- Being honest, accountable and transparent
 - Being motivated, trained and committed.

Risk Management Implications

6. The perceived risk of each audit is based on a thirteen point assessment taking into account such areas as materiality, complexity of the system, potential for fraud and sensitivity. Based on a score derived from the assessment, audits are categorised as high, medium and low priorities. This informs the frequency in which audits will be carried out.

Financial Implications

7. The cost of the internal audit work plan is fully provided for in the 2013/14 budget.

Equality and Diversity Implications

8. There are no Equality and Diversity implications associated with this report.

Value for Money implications

9. The delivery of the 2013/14 audit plan and the implementation of internal audit recommendations will assist in identifying efficiencies and achieving value for money.

Health Implications

10. There are no Health implications associated with this report.

Environmental Implications

11. There are no Environmental implications associated with this report.

Impact on Customers

12. Implementation of the recommendations will provide our customers with a better service in terms of customer care.

Consultation carried out

13. The audit plan was developed following consultation with all relevant stakeholders within the Company.

Recommendation

14. The views of the committee are sought on whether it is satisfied with progress to date with the 2013/14 Internal Audit Plan.

Appendix

Internal Audit Plan 2013/14	Planned Days	Planned Report to Committee	Progress at end September 2013	Opinion
CORPORATE SERVICES				
1 TGHC Capital Programme	10.7	1	In Progress	
2 TGHC Counter Fraud Arrangements	6.7	1	Final Report Issued	Satisfactory
3 TGHC Performance Framework	6.7	1	Final Report Issued	Operating Well
4 TGHC Governance	5.3	1	Draft Report Issued	
5 TGHC Asbestos Management	9.3	1	Final Report Issued	Satisfactory
6 TGHC Business Continuity Arrangements	5.3	2	In Progress	
7 TGHC Human Resources	9.3	2	In Progress	
8 TGHC Complaints	6.7	2	In Progress	
9 TGHC Creditors	10.0	3		
10 TGHC Budget Setting and Monitoring	5.3	3	In Progress	
11 TGHC Main Accounting	5.3	3	In Progress	
12 TGHC Information Security Management	9.3	3	In Progress	
13 TGHC Health and Safety	4.0	3	In Progress	
14 TGHC Company Payroll	6.7	4		
15 TGHC Insurance Arrangements	3.3	4		
16 TGHC Corporate IT	1.3	4		
	105.3			
CUSTOMERS & COMMUNITIES				
17 TGHC Keelman Homes	13.3	1	Final Report Issued	Satisfactory
18 TGHC Rent Arrears	20.0	2	In Progress	
19 TGHC Rent Collection	9.3	3		
20 TGHC Tenancy Allocation and Lettings	13.3	4		
21 TGHC Repairs	12.0	4		
22 TGHC Housing Establishments	12.0	4		
	80.0			
GENERAL				
TGHC Audit Committee	6.7			
TGHC General Advice, Consultancy and Systems Review	4.0			
	10.7			