



## INTERNAL AUDIT AND RISK SERVICE

PRIVATE AND CONFIDENTIAL

### Gateshead Housing Company Keelman Homes

<b>REPORT AGREED &amp; ACTION PLAN COMPLETED</b>
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Date: 06/05/2015
<b>Please return to:</b> Chief Internal Auditor Internal Audit and Risk Gateshead Council

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## 1. Introduction

As part of the 2014/15 audit plan an audit was completed on Keelman Homes. The audit was carried out from January to March 2015.

The objective of the audit was to ensure:

- Effective governance arrangements are in place.
- All income and expenditure is adequately controlled and properly accounted for.
- Budgeting and accounting arrangements are adequate and effective.
- Strategic and operational risks have been identified, monitored and controlled.
- Recommendations made at the previous audit have been implemented.

The last audit in this area was completed in 2013

It is the responsibility of management to install and maintain effective internal control systems. The role of the Internal Audit and Risk Service, as outlined in the Audit Charter, is to assist managers in the effective discharge of this responsibility and in so doing, deliver the objectives of the Company.

## 2. Scope of the Audit and Materiality of System

The audit assessed the adequacy of current controls in operation against the objectives listed above. The audit process involved discussion with key members of staff, analysis of relevant policy and procedure, and sample testing on transactions, documentation and financial data from the previous twelve month period.

## 3. Conclusions

The control systems and procedures in place were operating well. The four medium priority recommendations made during the previous audit have been implemented. As a result of the audit there was one best practice finding. This is detailed in the attached Action Plan which will assist with the implementation of the report's recommendations.

The categorisation of the priorities is as follows:

<b>High</b>	These are fundamental weaknesses, which represent a major risk to the organisation or service and immediate remedial action is imperative.
<b>Medium</b>	These are weaknesses, which represent a considerable risk to the organisation, service or establishment and urgent remedial action is necessary.
<b>Best Practice</b>	These issues merit attention and their implementation will enhance the control environment or promote value for money.

The implementation of recommendations is monitored by the Audit Committee on a quarterly basis and the Internal Audit and Risk Service will undertake testing at the next audit visit to ensure all recommendations have been satisfactorily addressed.

## ACTION PLAN: Keelman Homes

Ref	Finding	Risk	Recommendation	Priority	Management Response
<b>Objective: To ensure effective governance arrangements are in place.</b>					
01	<p><b>Policies and Procedures</b></p> <p>A review of the policies and procedures in place for Keelman Homes found the following were not in place:</p> <ul style="list-style-type: none"> <li>• Performance Framework;</li> <li>• Business Plan; and</li> <li>• Risk Strategy</li> </ul>	Ineffective governance arrangements could lead to inconsistent or incorrect decision making.	The Keelman Homes Lead Officer should ensure that policies and procedures are in place.	Best Practice	<p><b>Responsible Officer:</b> Keelman Homes Lead Officer</p> <p><b>Implementation Date:</b> July 2015</p> <p><b>Comments:</b> The risk management policy has now been developed to go to Board for approval in May 2015. The performance framework and business plan will be developed following the commencement of the Keelman Homes Lead Officer in June 2015.</p>