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Title:	Audit and Risk management within URH
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For Information

Summary

This report sets out how audit and risk management is managed within URH and its partner TMOs.

Explanations are given on:

1. URH's overall governance management on audit and risk.
2. Summary audits carried out since April 2010.
3. Planned approach to Internal Audit post April 2011, and
4. External audit arrangements across the URH partnership and the future approach.

Commentary

URH's overall governance management on audit and risk

For all internal audit plans, unless a specific whistle blowing allegation is received, URH leads on developing and agreeing the audit plan with Lambeth's Internal Audit team.

All internal audit investigations and recommendations are received by URH's Board. This Board will receive quarterly reports from officers on actions taken against the auditor's recommendations.

Specific TMO reports also go to the TMO's committee on a quarterly cycle that will also assist URH in monitoring progress against recommendations.

A risk map for URH and its partner TMOs is overseen by the Board of URH. The reporting cycle is quarterly.

URH's Board recently agreed to the formation of an Audit and Risk Sub-committee. This committee would oversee and monitor: financial reporting, internal and external audits reports and risk management across the URH partnership. The chair of this sub-committee will be an independent board member. This postholder is presently being recruited. A copy of the Terms of Reference for this Sub-committee is attached to this report.

At present URH's Board continue to oversee these functions of the Sub-committee.

Audits carried out since April 2010

Several audits have been carried out on activities overseen by URH and its TMO partner organisations. These cover:

- Audit on letting of two bed properties. A small sample was undertaken by Lambeth's Internal Audit Team. Procedural failures were found in two cases. This involved managers not always indicating their support for the transfer request. This was remedied.
- An internal audit health check on all organisations in the URH partnership. The results highlighted several limited assurance assessments areas within the operations of these organisations. An improvement plan was agreed for each of the respective organisations. Part of the agreed overall approach was for URH to develop common financial policies and procedures and for the coordination of progress against the auditor's recommendations to be overseen by URH. The improvements are on-going.
- Whistle blowing allegations. There have been two whistle blowing claims levied against two of the TMOs. In both instances these have been investigated by Lambeth's Internal Audit Team.

Planned approach to Internal Audit Programs post April 2011

In the absence of an agreed annual internal audit program being in place URH's Board requested, as part of its governance improvement agenda, to put in place a three year internal audit program for the entire URH partnership.

Discussions are presently being held with URH and audit staff to agree the program.

An agreed plan is due to be completed by June 2011.

External Audit arrangements across the URH partnership and the future approach.

At present each organisation has an independent and separate external auditor.

It has been agreed for URH to market test this service with the aim of securing economies by having no more than two audit firms contracted to undertake the external audits. This is expected to be undertaken this year.

With the exception of one TMO all other organisations have completed audits up to the period ending March 2010. The outstanding TMO is presently having audits carried out and it is expected that this TMO will have completed audits to the same period by the end of May 2011.