

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 November 2013

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Housing Repairs and Maintenance

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Housing Repairs and Maintenance.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Housing Repairs and Maintenance.

3 BACKGROUND

- 3.1 A review of Housing Repairs and Maintenance was undertaken as part of the audit plan for 2013/14.
- 3.2 The main objective of the audit was to ensure that the internal controls in place for Housing Repairs and Maintenance were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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EAST LOTHIAN COUNCIL – INTERNAL AUDIT HOUSING REPAIRS AND MAINTENANCE

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2013/14, a review was undertaken of Housing Repairs and Maintenance. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has a Housing Repairs and Maintenance Policy in place – the Policy was approved by Cabinet in 2008.
- Adequate arrangements are in place to ensure that housing repairs are restricted where a right to buy application has been submitted to the Council.

1.3 Areas with Scope for Improvement

- There was a lack of adequate procedures in place covering key aspects of housing repairs and maintenance. *Risk – failure to adopt a consistent approach.*
- There was a failure to ensure that information held on the Orchard system was accurate and complete. *Risk – errors and omissions may remain undetected.*
- In some cases, repairs had been incorrectly classified on the Orchard system. *Risk – failure to identify rechargeable repairs.*
- For non-emergency rechargeable repairs, there was a failure to ensure that tenants were provided with an estimate of the cost of works, prior to work being undertaken. *Risk – disputes and disagreements may arise.*
- The procedures in place for raising invoices for rechargeable repairs require review – in a number of cases, there were significant delays in the raising of invoices and in some cases no invoices had been raised. *Risk – loss of income to the Council.*
- Invoices issued to tenants for rechargeable repairs failed to provide a detailed breakdown of the costs being charged. *Risk – errors and omissions may remain undetected.*
- The procedures in place for recharging work carried out to communal areas are considered inadequate – private owners were not being recharged for their share of the works costs. *Risk – failure to recover all sums due to the Council.*
- The existing arrangements in place for the recording and authorisation of variations require review. *Risk – unauthorised work may be undertaken.*

1.4 Summary

Our review of Housing Repairs and Maintenance identified a number of areas with scope for improvement. Detailed recommendations and opportunities for improvement are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

November 2013

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
HOUSING REPAIRS AND MAINTENANCE**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.1.2	Management should ensure that detailed procedures are in place to provide guidance to staff on key aspects of housing repairs and maintenance.	Medium	Property Maintenance Manager	Agreed Management to review procedural arrangements to support the delivery of the Council's repairs and maintenance policy and support officers to ensure their consistent implementation.		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.
3.1.3	Management should review the existing tenants' guide to the repairs and maintenance policy to ensure that it clearly sets out the procedures that should apply for rechargeable repairs.	Medium	Property Maintenance Manager	Agreed Clarification of rechargeable repairs and communication arrangements with customers in this respect to be reviewed and updated.		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	<p>Management should ensure that all information entered on to the Orchard system is accurate and complete.</p> <p>The existing practice of entering tenants' names in the 'reported by' section, for repairs not reported by tenants should cease with immediate effect.</p> <p>Management should review the practice whereby work that may fall within planned maintenance is currently being undertaken as part of responsive repairs.</p> <p>Management should ensure that the Council's Corporate Procurement Procedures are being complied with where work is undertaken by external contractors.</p>	Medium	Property Maintenance Manager	Agreed		<p>Ongoing</p> <p>Immediate</p> <p>Ongoing</p> <p>Ongoing</p>

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.3.1	Management should ensure that for non-emergency rechargeable repairs, the tenant is provided with an estimate of the repair costs and the tenant's approval is obtained prior to the work being undertaken.	Medium	Property Maintenance Manager	Agreed Management to explore options to provide estimated costs and secure mandated authority for works to be carried out prior to undertaking, potentially subjected to practical de-minimis levels.		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.
3.3.2	Management should ensure that all reported repairs are correctly classified on the Orchard system.	Medium	Property Maintenance Manager	Agreed		Ongoing
3.3.3	Management should ensure that invoices are raised promptly for all completed rechargeable repair work.	Medium	Property Maintenance Manager	Agreed Management to review procedural arrangements to ensure that invoices are accurate, sufficiently detailed and promptly raised.		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.3.4	For all repairs to communal areas, appropriate mechanisms should be put in place to ensure that private owners are recharged for their share of the works cost.	Medium	Property Maintenance Manager	<p>Agreed</p> <p>Management to explore the appropriate systems use of allocating repairs against communal block addresses and determine a suitable process to ensure that private tenants are recharged for their share of the cost of the work undertaken.</p>		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.
3.3.5	Management should ensure that all invoices raised for rechargeable repairs provide a detailed breakdown of the costs being charged.	Medium	Property Maintenance Manager	<p>Agreed</p> <p>Management to review procedural arrangements to ensure that invoices are accurate, sufficiently detailed and promptly raised.</p>		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.3.6	Management should ensure that invoices issued to tenants accurately reflect the work carried out.	Medium	Property Maintenance Manager	Agreed Management to review procedural arrangements to ensure that invoices are accurate, sufficiently detailed and promptly raised.		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.
3.4.1	Management should review the existing arrangements in place for the recording and authorisation of variations.	Medium	Property Maintenance Manager	Agreed Management to explore practical options that satisfy sound governance principles but at the same time deliver sensible customer service levels and efficient ways of working. Consideration to be given to digital and mobile approaches to instruction and completion of work as well as appropriate breakdown of works instruction, particularly in regard to void properties.		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.

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3.5.1	Consideration should be given to reviewing the current Schedule of Rates used for charging repairs work.	Medium	Property Maintenance Manager	Agreed		Detailed implementation arrangements to be confirmed following the Housing Repairs service review.

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.