

REPORT TO: Audit and Governance Committee

MEETING DATE: 18 November 2014

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Bathroom Adaptations

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Bathroom Adaptations.

2 RECOMMENDATION

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

3 BACKGROUND

- 3.1 As part of the audit plan for 2014/15 we examined the Framework Agreement in place for Bathroom Adaptations.
- 3.2 The main objective of the audit was to examine the adequacy and effectiveness of the Council's Framework Agreement for Bathroom Adaptations and to provide management with assurances that the internal controls in place 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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DATE	6 November 2014

EAST LOTHIAN COUNCIL – INTERNAL AUDIT BATHROOM ADAPTATIONS

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2014/15 we examined the adequacy and effectiveness of the Framework Agreement in place for Bathroom Adaptations. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- An East Lothian Equipment and Adaptations Partnership Agreement is in place, which sets out the legislative framework and policy context within which adaptations are carried out.
- All recommendations made by Adult Wellbeing staff for bathroom adaptations were in accordance with the provisions of the Partnership Agreement.

1.3 Areas with Scope for Improvement

- There was a failure to properly follow the evaluation procedures set out in the Invitation to Tender (ITT) and errors were identified in the procurement evaluation process. *Risk – failure to achieve the desired outcomes.*
- Opportunities to achieve best value had not been fully maximised – significant amounts of work were being awarded to the most expensive contractors on the framework. *Risk – failure to make optimum use of the resources available.*
- The budget setting process for disabled adaptations requires review – the annual budget failed to reflect the anticipated savings following the introduction of the Framework Agreement. *Risk – failure to ensure that expenditure is properly prioritised.*
- The existing arrangements for the management and delivery of bathroom adaptations require review to reflect the new Council structure – the service area now responsible for the budget has no direct involvement in controlling the actual spend. *Risk – failure to adequately monitor or control expenditure.*
- The current arrangements for monitoring the performance of contractors require review – there was a failure to ensure that a consistent approach was adopted for all contractors. *Risk – performance information may be inaccurate.*

1.4 Summary

Our review of Bathroom Adaptations has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

November 2014

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	The East Lothian Equipment and Adaptations Partnership Agreement should be updated to reflect the post implementation review – the updated agreement should be approved by the Project Board or by Senior Management.	Medium	Service Manager – Community Housing	Noted - Partnership agreement needs to be reviewed to reflect any changes brought about by H+SC integration.		March 2015
3.3.2	Management should ensure that approval for all bathroom adaptations is in accordance with the Partnership Agreement.	Medium	Service Manager – Community Housing	Noted QA checks will be carried out and reported to Joint Complex Cases Panel.		Implement by March 2015 for new financial year reporting
3.3.3	<p>Management should ensure that the specification for new build properties makes provision for any major adaptations required.</p> <p>Management should ensure that clear procedures are in place for dealing with items removed as part of the adaptation process.</p>	Medium	Service Manager – Community Housing	<p>Can only fully control spec if we are designing – not if design and build project (e.g. Antiquaries).</p> <p>We do not always know individuals' specific requirements at start of process, needs can change, so flexibility required.</p> <p>Contractors cannot always reuse materials removed, due to damage etc.</p>		

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.5.1	Management should review the current approach adopted for setting the budget for disabled adaptations.	High	Service Manager – Community Housing / Head of Communities and Partnerships	Budget is planned based on previous year’s spend and informed by planned/pipeline cases.		
3.6.1	Management should ensure compliance with the evaluation procedures outlined in the ITT. Management should review the effectiveness of the current framework in maximising opportunities for best value.	High	Service Manager – Legal & Procurement Service Manager – Community Housing	Advising on compliance with evaluation procedures set out in the ITT. Noted but need to recognise best value is about ensuring quality as well as financial.		In Place
3.7.1	Management should review the appropriateness of the existing arrangements whereby the allocation of work to particular contractors is undertaken by a service area with no budget responsibility.	High	Service Manager – Community Housing / Head of Communities and Partnerships	Team Manager – Housing Asset now approves expenditure.		In Place

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.7.1 (cont)	<p>In view of the significant price differentials between the framework contractors, Management should ensure that the Council achieves best value when awarding work to contractors.</p> <p>Management should ensure that a consistent approach is applied for monitoring the performance of contractors.</p>	High	<p>Service Manager – Community Housing / Service Manager – Strategic Asset & Capital Plan Mgmt</p> <p>Service Manager – Community Housing / Service Manager – Strategic Asset & Capital Plan Mgmt</p>	<p>Suggest contract needs to be retendered but meantime will ensure monitoring of costs & quality, and developing criteria to determine when ok to use contractor not cheapest (e.g. capacity to deliver to timescale).</p> <p>Scorecard is in use – evidence of monitoring and improving performance.</p>		Propose retender during 2015
3.8.1	Management should ensure that the roles of both Community Housing and Property Projects are clearly defined for managing the delivery of bathroom adaptations.	Medium	Service Manager – Community Housing	<p>Noted and agreed. Work ongoing to streamline process maps (NIMBUS).</p> <p>Respective responsibilities will also be formally captured in the Housing Asset Management Strategy.</p>		<p>December 2014</p> <p>April 2015</p>

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.