

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 22 March 2016

**BY:** Depute Chief Executive – Resources & People Services

**SUBJECT:** Internal Audit Report – Housing Repairs Shared Costs

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## **1 PURPOSE**

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

## **2 RECOMMENDATION**

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

## **3 BACKGROUND**

- 3.1 A review of Housing Repairs Shared Costs was undertaken as part of the audit plan for 2015/16.
- 3.2 The main objective of the audit was to ensure 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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<b>DATE</b>	10 March 2016

# EAST LOTHIAN COUNCIL – INTERNAL AUDIT HOUSING REPAIRS SHARED COSTS

## 1. EXECUTIVE SUMMARY

### 1.1 Introduction

A review of Housing Repairs Shared Costs was undertaken as part of the Audit Plan for 2015/16. A summary of our main findings is outlined below.

### 1.2 Areas where Expected Controls were Met

- Detailed process maps are held on the Nimbus system to assist staff responsible for the administration of shared cost repairs.

### 1.3 Areas with Scope for Improvement

- The draft guidance in place for mutual repairs and shared costs requires to be updated and made available to the public on the Council's website. *Risk – failure to inform private owners of the Council's approach to shared costs.*
- Detailed procedures are available on Nimbus for the administration and recovery of shared cost repairs, however we found that there was a failure by repairs officers to comply with the procedures in place. *Risk – loss of income to the Council.*
- The identification and coding of shared cost repairs require review – in a number of cases repairs undertaken on private properties had not been properly identified to enable the recovery of shared costs. *Risk – loss of income to the Council.*
- For those repairs that had been identified as shared cost repairs on the Orchard system, in the majority of cases examined no invoices had been raised to recover the costs. *Risk – loss of income to the Council.*
- In a number of cases, there was a failure to provide private owners with an estimate of the cost of the works to be undertaken and to obtain written consent prior to the work commencing. *Risk – disputes and disagreements may arise.*
- For the cases where consent forms had been received from private owners agreeing to pay for their share of the costs, in a number of instances there had been a failure to issue invoices to recover these costs. *Risk – loss of income to the Council.*
- For work allocated to external contractors, there had been a failure to seek the consent of private owners or to obtain their agreement to pay their share of the costs. *Risk – loss of income to the Council.*

### 1.4 Summary

Our review of Housing Repairs Shared Costs 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

**March 2016**

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT  
HOUSING REPAIRS SHARED COSTS**

**ACTION PLAN**

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.1.1	Management should ensure that the existing draft guidance on mutual repairs and shared costs is updated and made available to the public on the Council's website.	Medium	Team Leader – Housing Repairs	Agreed		May 2016
3.1.2	Management should ensure that all staff members fully adhere to the procedures in place for the administration and recovery of shared cost repairs.	High	Team Leader – Housing Repairs	Agreed – staff to be provided with training on new procedures.		March 2016
3.2.1	Management should ensure that clear procedures are in place for the identification, recording and coding of shared cost repairs.  All shared cost repairs work undertaken in 2015/16 should be identified and reported to Senior Management, to enable an assessment to be made of the extent of shared cost repairs that have not been recovered.	High	Team Leader – Housing Repairs  Team Leader – Housing Repairs	Agreed  Agreed		March 2016  July 2016

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.3.1	Management should ensure that private owners are consulted and an estimate of the expected costs is provided for all shared cost repairs – appropriate consent should be obtained from private owners, agreeing to pay their share of the costs.	High	Team Leader – Housing Repairs	Agreed		March 2016
3.4.1	Management should ensure that invoices are issued to private owners for all shared cost work undertaken.	High	Team Leader – Housing Repairs	Agreed		March 2016
3.5.1	Management should ensure that for shared cost work allocated to external contractors, the private owners have consented to the use of external contractors and have agreed to pay their share of the costs.  Management should ensure that best value can be demonstrated for all works awarded to external contractors.	High	Team Leader – Housing Repairs	Agreed		March 2016

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