



Internal Audit Report
Housing & Community Care
Housing Standard Delivery Plan Assignment No.14-05
August 2014

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Background and Introduction

This assignment forms part of the Internal Audit plan for 2014/15, as approved by the Audit Committee on 2 April 2014.

The Housing Standard Delivery Plan (HSDP), which was approved by the Housing and Health Committee in April 2006, sets out how Perth and Kinross Council will reach the Perth & Kinross Housing Standard (P&KHS) which is aligned to the Scottish Housing Quality Standard (SHQS) by April 2015. The SHQS is a requirement for all social landlords in Scotland however social landlords have the option of providing local standards that either meet or exceed the standards. P&KHS, which provides for some amenities not included in the SHQS, was agreed through consultation with the Tenants and Residents Federation in 2004, as part of the Retention Plus option.

The HSDP is highlighted as a Service priority through its inclusion in the Service Risk Register, and the implementation of a number of controls. These controls ensure that the Council continues to deliver on the programme of work and that progress is routinely monitored and scrutinised by Housing and Community Care (HCC) Senior Management Team (SMT), and subject to reporting to the Housing and Health (H&H) and Strategic Policy and Resources (SP&R) Committees.

Returns are made annually to the Scottish Housing Regulator (SHR) as the independent regulator of social landlords in Scotland, to record progress towards SHQS. The Regulator also provides a scrutiny role, on behalf of the Scottish Government, with regard to the provision of housing services by the Council. The most recent inquiry visit by SHR took place in December 2012 and did not result in any improvement actions with regard to meeting SHQS.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the Housing Repairs and Improvements Service throughout this audit.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that arrangements are in place to provide assurance that the HSDP will be delivered on time.
Auditor's Comments: The HSDP is subject to the oversight of the Housing Revenue Account (HRA) and General Fund Capital Programme Board to ensure the progress of the Plan. Membership of the Programme Board comprises suitably qualified and experienced officers including three members of HCC SMT, ensuring that the

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project is subject to scrutiny at an appropriate senior level. Reports presented to the Programme Board which describe progress on individual projects are also subsequently presented to Strategic Improvement Group at Executive Officer Team. Whilst a role and remit document for the Board was subject to some discussion at the Board throughout 2013, it was found to be out of date and there was no minuted approval by HCC SMT. This has now been addressed.

The HSDP provided a high level overview of three milestones to be met during the lifecycle of the programme. Monitoring of the programme of works is achieved through frequent presentation of reports to the Board to ensure progress of each project meets its completion targets. Slippage against individual milestones is identified which provides for a focussed and targeted approach to ensure that the Council meets the SHQS within the timescales.

It is noted that some properties may not meet the full criteria of SHQS in blocks of mixed tenure types, where property owners' agreement to the works has not been received. Guidance from Scottish Government provides for certain exemptions and abeyances to allow for these situations.

Strength of Internal Controls:	Strong
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Control Objective: To ensure adequate financial monitoring of the HSDP within the Service.
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Auditor's Comments:

The original Stock Condition Survey commissioned in 2005 and undertaken by a firm of Chartered Surveyors detailed a breakdown of costs for the elements of work which would be required for each of the homes to bring the properties up to the required standards. This breakdown was used to inform the Housing Standard Delivery Plan.

Subsequent pressures and savings have been accommodated through budget setting and the ongoing process of monitoring of budgets by HRA Capital Monitoring Group, HRA & General Fund Capital Programme Board and HCC Senior Management Team. This is augmented by further corporate monitoring at Corporate Resources Group and Strategic Investment Group together with budget approval through the relevant Council Committees, in accordance with the Scheme of Administration which ensures that the funding is sufficient.

Financial monitoring of the HSDP is based on a regime of scrutiny to ensure the adequate capital resources are in place and that they are properly used to implement the required improvements to the housing stock. Reporting mechanisms provide adequate detail to highlight instances where projects would exceed budgets and slippage against fiscal targets and project milestones. This process ensures that there is adequate financial monitoring within the Service to meet the requirements of the HSDP.

Strength of Internal Controls:	Strong
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Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Walker, Executive Director (Housing & Community Care)

J Gilruth, Depute Director (Housing & Community Care)

L Cameron, Head of Housing and Strategic Commissioning

A Taylor, Head of Finance and Support

J Symon, Head of Finance

C Mailer, Senior Service Manager,

J Beverley, Housing and Repairs and Improvements Manager

J Cruickshank, Project Manager

G Taylor, Head of Democratic Services

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P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment was A Gallacher. The supervising auditor was M Morrison.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 1 August 2014

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Role and Remit of the HRA and General Fund Capital Programme Board	Low

Appendix 2: Action Plan

Action Point 1 - Role and Remit of the HRA and General Fund Capital Programme Board

The Role and Remit of the Programme Board was subject to some review during 2013 which was detailed in the minutes of the group. There was no subsequent minuted approval of the revised document by HCC SMT.

The structure of the Board has subsequently changed, due to changes in the HCC management structure, and it would therefore be appropriate to review the document again to ensure its accuracy and relevance in relation to the structure of the group and the frequency of meetings, prior to presentation to HCC SMT for approval.

Management Action Plan

The structure of the Programme Board is scheduled to be discussed at a meeting of the group on 28 July 2014. An updated version of the Role and Remit document reflecting changes to the Board's structure will be presented to SMT for approval in August 2014.

Importance:	Low
Responsible Officer:	L Cameron, Head of Housing & Strategic Commissioning
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	Complete
Required Evidence of Completion:	Minuted approval by HCC SMT of revised role and remit

Auditor's Comments

Satisfactory