



Internal Audit Report
Housing and Community Care
Housing Repairs Assignment No. 14-16
March 2015

Final Report

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

Background and Introduction

This audit was carried out as part of the audit plan for 2014/15, which was approved by the Audit Committee on 2 April 2014.

Repair and maintenance of the Council's social housing stock is essential for the well-being of tenants and to protect the Council's investment. During 2013/14, the Council's Housing Repairs and Improvements Service (HRIS) within Housing and Community Care (HCC) carried out maintenance and 29,305 repairs – including 6,689 emergency repairs – on the Council's 7,318 occupied properties at a cost of just over £8 million. These works were carried out in accordance with the Service's Responsive Repairs Policy by HRIS staff and external contractors directed by HRIS.

HRIS provides performance information via indicators in HCC's Business Management and Improvement Plan (BMIP). In accordance with the Housing (Scotland) Act 2010 and the Scottish Social Housing Charter of 2012, from 2013/14 onwards HRIS has been required to give performance information to the Scottish Housing Regulator and to Council tenants. The first "Annual Return on the Charter" was made to the Regulator in May 2014, and the first "Customer Report" to tenants was given in the Autumn 2014 edition of the tenants' magazine, "On The House".

Scope and Limitations

The audit examined Service reports, plans, written procedures and other documents, and interviewed relevant staff in January and February 2015. Compliance with the Responsive Repairs Policy was tested and supporting documentation for a sample of emergency repairs was reviewed. The audit focussed on the handling of emergency repairs and on HRIS compliance with the performance information framework for repairs set out by the Scottish Housing Regulator. The audit did not examine "clean and clear" incentive payments, recharging for repair of mixed ownership properties, or charging for deliberate damage by tenants. A draft report based on the findings of the audit was discussed with HRIS; this final report incorporates actions agreed by the Service.

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 1: To provide assurance over the arrangements in place for repairs to be undertaken on time, to specification and within budget
Auditor's Comments: Effective arrangements are in place to ensure repairs are timely and within budget. Audit testing of a sample of emergency repairs confirmed that all repairs examined were appropriately treated as emergency works.

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However, the Service needs to improve its evidencing of controls to ensure repair work is done to specification and within delegated authority to staff.	
Strength of Internal Controls:	Moderately Strong

Control Objective 2: To provide assurance over the arrangements in place to provide appropriate performance information	
<p>Auditor's Comments: The Service has provided performance information via Housing & Community Care's BMIP in the form approved by Committee, the Local Housing Strategy and to tenants through their 'On The House' magazine.</p> <p>HRIS has been actively updating its performance information systems to meet the challenge of the reporting requirements of the Scottish Social Housing Charter, effective from 2013/14; a substantial improvement effort has been made in 2014/15. Systems and procedures have been revised to positive effect. Some weaknesses remain – e.g., on verifying repair completion times by contractors – but audit found HRIS has made good progress and plans to do more during 2015; and responded promptly and constructively to issues raised during the course of the audit.</p> <p>However, with regard to emergency repairs, the weaknesses in the performance information systems have impacted on the accuracy of the information given in the Council's first Annual Return on the Charter for 2013/14 and the first Customer Report provided to tenants in October 2014.</p>	
Strength of Internal Controls:	Moderate

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.

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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.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of staff in the Housing Repairs and Improvement Service which was received during this audit.

Feedback

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

Distribution

This Final Report has been distributed to:

B Malone, Chief Executive

J Walker, Executive Director, HCC

L Cameron, Head of Housing & Strategic Commissioning, HCC

C Mailer, Senior Service Manager – Housing, HCC

J Beverley, Housing Repairs and Improvements Manager, HCC

J Symon, Head of Finance

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

The report will be considered by the Audit Committee.

Authorisation

The auditor for this assignment was R D Watt. The supervising auditor was M Morrison.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 17 March 2015

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Responsive Repairs Policy and procedures	Medium
2	Postponing emergency repairs with tenant agreement	Medium
3	Verification: timeliness and meeting the specification of emergency repairs	Medium
4	Verification: financial control and repairs	Low
5	Informing tenants of Service performance	Low

Appendix 2: Action Plan

Action Point 1 - Responsive Repairs Policy and procedures

The Responsive Repairs Policy, which was presented to Housing Management Team for approval, governs much of what the Service does and how it does it.

However, the Policy does not adequately reflect current instructions to staff, or current operations; it has yet to be updated to reflect the new regulatory framework established by the Scottish Social Housing Charter.

Management Action Plan

The Responsive Repairs Policy will be updated and will include the Charter Indicators and published on the Council's website.

Importance:	Medium
Responsible Officer:	J Beverley, Housing Repairs & Improvements Manager
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	December 2015
Required Evidence of Completion:	Approved Policy published on website

Auditor's Comments

Satisfactory

Action Point 2 - Postponing emergency repairs with tenant agreement

Service procedures state that, outwith normal business hours, staff handling tenant requests for works which meet the criteria of “emergency repairs” should ask the tenant whether work may be deferred until normal working hours. Staff are also encouraged to agree repair visit times requested by tenants. However, the procedures do not require staff to confirm that there is no specific need for urgency; and that the needs of vulnerable clients in such cases have been prioritised.

Where emergency repairs have been deferred, they are then re-classified as non-emergency for performance reporting. However the Responsive Repairs Policy and the Scottish Housing Regulator’s written guidance does not provide for such re-classification.

At the time of the audit, the Service did not record such deferrals as being approved by tenants. As a result the Service lacks evidence to support its treatment of these cases as non-emergencies in 2013/14 and 2014/15. However, the Service has advised that with immediate effect such deferrals will be recorded; and since the audit, HRIS has confirmed with the Regulator how tenant deferral of repairs should be recorded for performance measurement purposes.

Management Action Plan

A key aim of the Charter and of Council policy is to empower tenants; Service practice is consistent with this aim. As such:

1. The Service’s software will be amended to record instances in which deferral of repair results from tenant choice.
2. In the interim, a note is being added to the repair record which shows the timing of the repair reflects the tenant’s choice. Relevant guidance has been issued to staff.
3. As part of the review of the Responsive Repairs Policy, as detailed in Action Point 1, a reference will be included on out of hours arrangements and deferrals.

Importance:	Medium
Responsible Officer:	J Beverley, Housing Repairs & Improvements Manager
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	<ol style="list-style-type: none"> 1. September 2015, for review 2. March 2015 3. December 2015

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Required Evidence of Completion:	<ol style="list-style-type: none">1. Screen print showing how a tenant deferral is recorded by IT system2. Copy of guidance issued to staff; and record of tenant deferrals in sample week (last week in March)3. Revised Responsive Repairs Policy
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Auditor's Comments

Satisfactory

Action Point 3 - Verification: timeliness and meeting the specification of emergency repairs

To deliver reliable information on the timeliness and meeting the specification of emergency repairs, it is essential that the Service has effective procedures in place to verify times of repair completion.

In 2014/15 the Service substantially improved systems and the quality of data recorded by staff and contractors and the checks made on data; e.g., by cross-checking repair completion times to staff time-sheets; and by querying contractors' assertions on when repair work was finished. More checks will be made on the data prior to submission of the Annual Return on the Charter to the Scottish Housing Regulator in May 2015. However, audit testing of a sample of emergency repairs found that the Service was not able to routinely verify some contractors' reported completion times, which could undermine the reliability of performance measurement.

The Service is aware of this issue and has been actively working towards resolution.

In addition, a review of the statistics of emergency repair pre-and post- inspections revealed that, of the 4,834 emergency repairs undertaken, 132 were inspected by the Property Inspection team. This represents a verification of 2.7% of such repairs and as such may not provide an adequate level of assurance of the adequacy of the repair.

Management Action Plan

1. Repairs Centre staff will contact a random sample of tenants after repairs are reported as complete, in order to confirm their satisfaction with work done and time of completion
2. HRIS is already in close contact with the Council's IT Service in order to improve the capability of our mobile technology, in accordance with Housing's Technology and Improvement Plan.
3. The Service will review the percentage of inspections to ensure best practice is achieved which will be consistent with the Scottish Housing Regulator's requirements.

Importance:	Medium
Responsible Officer:	J Beverley, Housing Repairs & Improvements Manager
Lead Service:	Housing and Community Care

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Date for Completion (Month / Year):	<ol style="list-style-type: none">1. April 20152. December 20153. December 2015
Required Evidence of Completion:	<ol style="list-style-type: none">1. Copy of operating procedure and results of operation for first month of application2. New mobile technology which records direct tenant input3. Outcome of review

Auditor's Comments

Satisfactory

Action Point 4 - Verification: financial control and repairs

According to the Council's Financial Regulations, Executive Directors should have procedures in place to ensure that corporate financial rules are followed. In HCC, this requirement is met by the Operational Financial Regulations, the approved Scheme of Delegation, and by timely updating of the Authorised Signatories listing.

HRIS managers have been duly authorised to engage contractors for repair work. However, none of the staff in the Repairs Centre, who handle all calls from tenants and order work of value up to £250 per repair from contractors, are so authorised.

However, audit confirmed that the work of Repairs Centre staff is appropriately supervised.

Management Action Plan

The HCC Senior Management Team has been aware of and has approved the above financial arrangements within HRIS; but the formal arrangements need updating.

The HCC Scheme of Delegation and Authorised Signatories listing will be reviewed and updated as required.

Importance:	Low
Responsible Officer:	J Beverley, Housing Repairs & Improvements Manager
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	June 2015
Required Evidence of Completion:	Copy of confirmation of review and agreed actions

Auditor's Comments

Satisfactory

Action Point 5 - Informing tenants of Service performance

The first Annual Return on the Scottish Social Housing Charter was provided to the Scottish Housing Regulator in May 2014 and a Customer Report was provided to tenants through the "On The House" publication in October in line with the required timescales.

With regard to emergency repairs, the weaknesses highlighted in previous action points have impacted on the accuracy of the information being available to be provided to the Regulator and Council tenants for 2013/14.

Management Action Plan

The Service will review the accuracy of the information provided to the regulator and tenants for 2014/15.

Importance:	Low
Responsible Officer:	C Mailer, Senior Service Manager - Housing
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	October 2015
Required Evidence of Completion:	Copy of "Customer Report" for 2014/15

Auditor's Comments

Satisfactory