



South Holland District Council

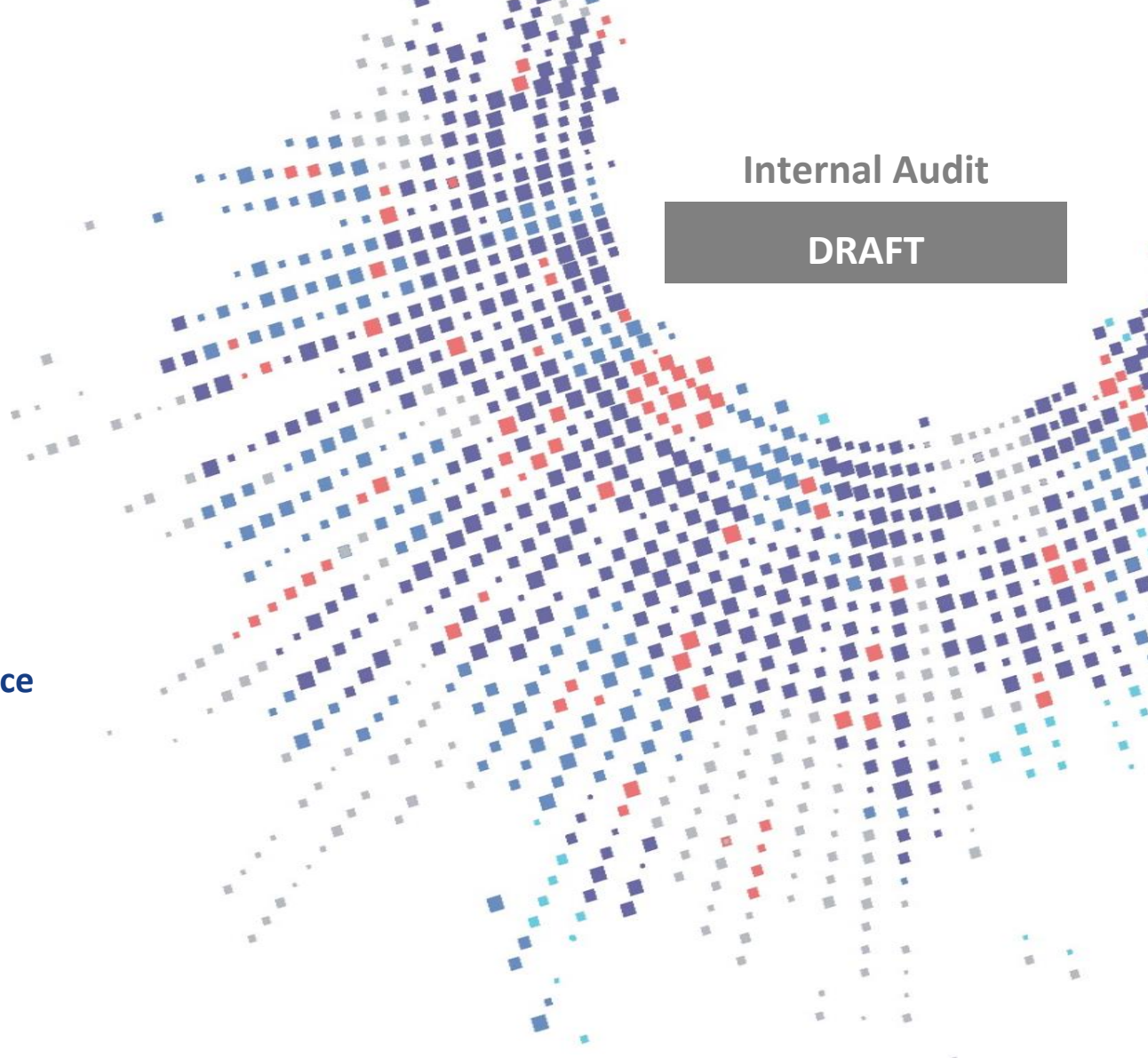
Assurance Review of SH2303 Housing Compliance

2022/23

April 2023

Internal Audit

DRAFT




Executive Summary


OVERALL ASSESSMENT


The diagram shows a circular gauge with the text 'Adequate & effective governance, risk and control processes' around the top edge. Inside the gauge, the word 'LIMITED ASSURANCE' is displayed in white text on an orange background. To the right of the gauge is a vertical legend with four colored circles and corresponding labels: a green circle for 'SUBSTANTIAL ASSURANCE', a yellow circle for 'REASONABLE ASSURANCE', an orange circle for 'LIMITED ASSURANCE', and a red circle for 'NO ASSURANCE'. The orange circle is highlighted, indicating the current assessment level.


ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

KEY STRATEGIC FINDINGS

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Not all electrical safety inspections have been completed within the five-year good practice cycle. At the time of the audit there were 700 still to be completed. The budget was increased by £30k during 2022/23 and an increased budget set for 2023/24 having agreed an increased inspection regime. Consultations are pending to make the five-year inspection cycle mandatory. The Council has scheduled in a regulatory health check in readiness for complying with regulation once introduced.
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There is a need for the Council to introduce overarching written procedures / guidance that explains / demonstrates how it seeks assurances from third party contractors, that each contractor is complying with the Council's regulatory requirements and how this assurance is being managed / evidenced.
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Substantiating compliance with regulatory requirements / good practice was hindered due to a hybrid of supporting records used for administering activity including contractor portals; some still in their infancy, use of shared folders, excel spreadsheets, which are not entirely reliable / accurate and Northgate, which is not being fully utilised.
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There is a need for an annual reconciliation between the gas and electric contractor's property records and those of the Council with testing identifying discrepancies with the contractor not informed of some new developments and thus not recorded for inspection purposes.

GOOD PRACTICE IDENTIFIED

Assurance was provided over the following key risk: “Non-compliance with regulatory requirements and good practice safety standards.”



The Council uses Morgan Lambert to undertake audits on samples of compliance work completed by its gas safety contractor. Any remedial works required are promptly rectified.



The gas safety contractor has a comprehensive suite of supporting procedures / guidance which helps aid compliance requirements.

SCOPE

A review of Housing Compliance checks has not been undertaken recently. This audit provides assurance that controls and performance data relating to gas, electricity, fire and asbestos safety and water/legionella, can be relied upon and demonstrated.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
1	9	2	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p><u>Compliance – Electrical Safety</u> - Not all electrical safety inspections have been completed within the five-year good practice cycle. At the time of the audit there were 700 electrical inspections due, where the last inspection was over five years ago. There is a risk that electrical defects and or age related wear and tear is not monitored and repaired.</p> <p>Through the Levelling Up White Paper and the Social Housing White Paper, the government has committed to radically improve housing quality and set ambitions to ensure that housing is safe and decent.</p> <p>This consultation paper (Consultation and call for evidence on electrical safety in the social rented sector) follows the commitment in the Social Housing White Paper to consult on electrical safety standards in the social rented sector. It aims to improve safety for residents in social rented homes and bring greater parity between the rented sectors. Proposal A in the consultation is for mandatory checks on electrical installations for social housing at least every five years.</p>	<p>For the Council to initially ensure that all electrical safety inspections are brought up to date and kept up to date thereafter.</p> <p>Risk: Risk of serious harm to residents / occupants where electrical safety is non-compliant with good practice (and regulatory requirements once introduced). Increased risk of legal action and reputational damage to the Council.</p>	1	<p>The Council recognises its responsibility for electrical safety and continues to actively ensure that all 3834 electrical installations for which it is responsible are kept in repair. The Council has and continues to adopt good practice to deliver a cyclical programme for periodic electrical inspections consisting of approximately 767 inspections each year. Beyond our programme approach, periodic testing is also carried out at any change of tenancy, including properties that become available for letting and tenants wishing to exercise their right to a mutual exchange. This accounts for approximately 300 further tests each year. The service notes that control testing was not carried out to establish the Councils compliance with change of occupancy requirements.</p> <p>The current requirements relating to electrical safety, contained within Section 10 and 11 of the Landlord and Tenant Act 1985 place a requirement on landlords to keep electrical</p>	Complete	Chris Hale, Housing Property Services Manager.

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		<p>The Council has scheduled in a regulatory health check in readiness for complying with regulation once introduced.</p> <p>The above issues with outstanding electrical inspections is a combination of previous administrative issues in the recording and monitoring of inspections and volume of 'out-of-date' certifications.</p>			<p>installations in repair. The Housing Repairs Team have the primary responsibility for responding to electrical faults. There are two qualified electricians and an electrical supervisor (18th edition, 2nd amendment) The service notes that control testing was not carried out to establish the Councils compliance with this responsibility.</p> <p>The previous programme approach reinspected properties within their 5th year, together with historic no access cases. In response to the consultation and in preparation for the changing legal requirements, the programme was accelerated to carry out additional testing to support moving to a proactive programme approach. There are currently 59 properties where an electrical safety test was carried out more than 5 years ago, this equates to 1.54% of installations. Access visits have been attempted to all outstanding properties and action is being progressed through the no access procedure to ensure all outstanding testing is completed.</p>		

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					<p>The service has disputed the priority assigned to this action on the basis of the responsibilities which were not included or tested as part of the audit field work. Whilst the service acknowledges the previous risk-based approach would not demonstrate compliance with the proposed new standards. The programme has now been practicably completed for 23/24.</p> <p>The 24/25 programme will be issued to ensure the accelerated approach continues. The Social Housing (Regulation) Act 2023 confirmed that the electrical safety standard will be changed. At the time of providing responses, the Council is awaiting direction from the Government on new requirements. However, the service feels the current position will enable easy adjustment to new requirements without delay.</p>		
2	Directed	<u>Governance – All areas</u> - Although much guidance exists in regard of the Gas contract, and contract specifications detailing regulatory requirements generally, there are no overarching written procedures / guidance that explains or demonstrates how the	The Council to produce clear and concise guidance for each area in scope that clearly identifies the key areas of regulatory responsibility and explains / demonstrates how it provides assurance that third party contractors	2	The service accepts that an overarching housing compliance policy would provide a clear and transparent framework for how the Council achieves and monitors its compliance responsibilities. An overarching policy	31/05/2024	Chris Hale, Housing Property Services Manager.

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		<p>Council seeks assurances from third party contractors that each contractor is complying with the Council's regulatory requirements and how this assurance is being managed / evidenced. Guidance in the form of the 'Fire Safety Arrangement (Final Oct 2022)' does explain how the Council will work in partnership to meet its legal responsibilities for fire safety and who is responsible for overseeing this from the Council's perspective and some commentary on Records and Tests including frequency of fire risk assessments.</p> <p>However, it does not provide sufficient detail in terms of actual record keeping, both fire risk assessments and overall monitoring and management oversight and audit trails for prioritising and resolving issues raised.</p> <p>This includes for each contract, details of those officers assigned to monitoring the key aspects of the contractual arrangements, how assurances are to be obtained, the types and frequency of assurances to be provided and systems for recording and monitoring. KPIs are included in contracts, although data is either not being provided or if provided, not validated.</p>	<p>are complying. This to include a responsible officer(s) for each area, the mechanisms to be used (e.g., type, frequency, evidence required, performance) and management oversight.</p> <p>Risk: Key aspects of regulatory requirements will be overlooked or not covered sufficiently.</p>		will be developed with associated procedures.		

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3	Directed	<u>Governance – All areas</u> - Contractors have their own portals with which the Council has access to. From the Council's side, it has Northgate. However, the functionality for being able to facilitate better oversight of the services is not being fully utilised. Instead, the Council is using a combination of spreadsheets, SharePoint, and other shared folders for recording and storing information. This has impacted audit's ability when ascertaining a 'baseline' for the areas under scope in this review, particularly since some information such as spreadsheets were found to be unreliable and inaccurate.	For the Council to fully utilise Northgate as the main system for managing its Housing compliance responsibilities. This could also include using the system to create auto reminders when key inspection dates are due. Risk: Inefficient and effective management oversight with key aspect of regulatory checks being missed.	2	Service improvement within NEC Housing (Northgate) will continue to be developed. However, it is noted that some contracts, e.g., gas safety will continue to be managed using an interfaced contractor portal. A review of current arrangements will be undertaken to understand where improvements are required.	31/03/2024	Chris Hale, Housing Property Services Manager
4	Directed	<u>Governance – Electrical Safety</u> – 'Items classified as "Danger present" (C1) must where possible be rectified on discovery. Essentially, this could be interpreted as the same day the issue(s) is identified. A C2 is categorised as 'Potentially dangerous' meaning a defect or non-compliance that is predisposed to danger only needing another event of condition to become dangerous. A C3 is where an improvement is needed. A F1 is categorised as 'Further investigation required and an 'N/V' is not verified.	The Council and the contractor (McIntyre Electrical Ltd) to agree timescales for responding to all C2 (and C3 and F1) classifications for remedial works in order that they can be effectively completed and monitored. (See also recommendation 5) Risk: Injury or harm to residents where remedial works have not been completed.	2	The Council has adopted the approach with McIntyre Electrical that all C2, C3 and F1 faults should be rectified within 28 days. Remedial works are monitored and agreed by the Contractor and Contract Administrator. It is anticipated that timescales for rectifying remedial faults will be set out in new legislative requirements where the Council will adopt the directed approach to ensure compliance.	Complete	Chris Hale, Housing Property Services Manager

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		<p>There are no set timescales in the contract documents for addressing C2, C3 or F1 categories. There is reference to 'All C2, C3 and F1 defects will need to be quoted to the Contract Administrator who will then either authorise the works to be carried out or arrange for the works to be undertaken in house'.</p> <p>Through the Levelling Up White Paper referred to in finding / recommendation 1, the Government is proposing to 'Complete any remedial or further investigative work identified on the EICR as C1, C2 or F1 within 28 days (or a shorter period if specified)'.</p>					
5	Directed	<p><u>Governance – Electrical Safety</u> – The contract with McIntyre Electrical Ltd commenced on 01/05/22. It includes as part of the KPI suite: 'The appointed contractor is required to ensure that where access is gained all C1 works are completed on a right first-time basis.' KPI Level - 95%. It does not include the requirement to report on progress with C2s.</p> <p>However, minutes from the liaison meeting on 13/01/23 with McIntyre Electrical Ltd refer to 'Percentage of C1, C2 defects completed right first time. The appointed contractor is required to ensure that where access is</p>	<p>The Council to obtain KPI data from McIntyre Electrical Ltd on a monthly basis and prior to each liaison meeting, on performance with all C1 cases (and C2 as per recommendation 4), along with supporting evidence with which to validate the accuracy of the information being provided. This will allow the performance of the contractor to be monitored in accordance with the contract terms (and Government guidance) and for any issues with performance to be identified and discussed in more detail.</p>	2	<p>Monthly meetings take place between the Council and McIntyre Electrical Ltd. Performance of the contract is discussed as part of the meetings and the KPI suite embedded into the meeting minutes. Further consideration needs to be given to how this performance should be more widely reported.</p>	31/03/2024	Chris Hale, Housing Property Services Manager

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		<p>gained all C1 and C2 works are completed on a right first-time basis’.</p> <p>Furthermore, no figures had been provided as at 30/03/23 by McIntyre Electrical Ltd since the contract commenced on 01/05/22. This is despite the minutes of the meeting referring to 'JG will provide a set of KPI's to date that are available now. Further KPI's will be added as system developments allow'.</p> <p>It is also difficult to see how C2 data is to be reported given there is no actual timescale for their resolution.</p>	<p>Risk: Non-compliance with contract requirements and poor performance not identified. This could also result in harm or injury to residents where remedial action is not taken in accordance with the requisite time scales.</p>				
6	Directed	<p><u>Governance – Fire Safety</u> - The Council uses an external provider for undertaking fire risk surveys for communal areas. A quotation was obtained on 13/09/22 to undertake the surveys in accordance with the Fire Safety Order 2006 and the Fire Safety Act 2021. The quote was for £9,300.00 plus VAT. A Purchase Order was raised to offset the costs for this arrangement. No other formal quote was obtained other than a comparison with the costs from the previous provider under the previous year's arrangement. This change was required since the Council was unhappy with the previous fire risk assessor.</p> <p>Financial Procedure Rules - Part Four - Rules of Procedures requires expenditure between</p>	<p>To comply with the Financial Procedure Rules - Part Four - Rules of Procedures in appointing contractors for undertaking health and safety compliance work, in particular, for Fire Risk Assessments. In this instance, the Council should consider retrospective approval through either a formal exemption or waiver, whichever applies best, following consultation with its procurement advisors.</p> <p>Risk: Non-compliance with Financial Procedure Rules and increased costs</p>	2	<p>The service acknowledges that obtaining an additional quote does not satisfy procurement requirements. An exemption should have been sought setting out the services justification for engaging a specific fire risk assessor.</p> <p>Following a review of this procurement matter. A tendering exercise has been completed and a contract awarded to Inspectas for Fire Safety Compliance and Consultancy Services. The contract was awarded on the 1 August 2023 for an initial 3-year period.</p>	Complete	Chris Hale, Housing Property Services Manager.

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		£5,001 and £10k to have a minimum of two written quotes one of which one should be from a local supplier and a local supplier should be used where they provide the most economically advantageous offer.	for not having undertaken market testing.												
7	Directed	<p><u>Governance – Gas Safety</u> - An independent Auditor (Morgan Lambert) has been appointed (on a rolling programme) to undertake sample testing of Aarons' work. The arrangement has been in place since April 2015 with no evidence of value for money considerations having been applied since.</p> <p>Morgan Lamber increased their charges, exclusive of VAT, from 01/04/23, as follows:</p> <table border="0"> <tr> <td>Post Service Gas Audit</td> <td>£45.73</td> </tr> <tr> <td>Post Install Gas Audit</td> <td>£45.73</td> </tr> <tr> <td>Short Report</td> <td>£91.46</td> </tr> <tr> <td>Air Source Heat Pump Audit</td> <td>£243.54</td> </tr> </table> <p>These were based on the current CPI rate of 10.7%.</p> <p>A cumulative spend analysis was not undertaken to establish the annual (2022/23) actual cost of this service with which to compare to the Council's Financial Procedure Rules, but it is likely that they have not been correctly applied with the engagement of Morgan Lambert given that for example, no</p>	Post Service Gas Audit	£45.73	Post Install Gas Audit	£45.73	Short Report	£91.46	Air Source Heat Pump Audit	£243.54	<p>The Council to review its arrangement with Morgan Lambert to ensure compliance with Financial Procedure Rules - Part Four - Rules of Procedures in appointing contractors for undertaking quality review work on gas servicing, new installation and on Air Source Heat Pumps. This includes demonstrating VFM and open competition.</p> <p>Risk: Non-compliance with Financial Procedure Rules and increased costs for not having undertaken market testing.</p>	2	<p>As highlighted in other parts of the audit, the Council continues to invest in additional assurance of its compliance works through using Morgan Lambert.</p> <p>Recognising the need to ensure compliance with procurement requirements, the service has undertaken a review of the services provided and a revised specification is being developed. A full tender exercise is required and currently being developed with the Procurement Team.</p>	31/02/2024	Chris Hale, Housing Property Services Manager.
Post Service Gas Audit	£45.73														
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		<p>other formal quotations have been obtained nor exemption or waiver applied.</p> <p>Furthermore, to emphasise the value of works, in the period 01/06/22 to 30/06/22, Morgan Lambert completed:</p> <p>3 x new installation audits at a cost of £118.50 excl VAT</p> <p>5 x Third Party Quality Audits at a cost of £869 excl VAT</p> <p>13 Air source Heat Pump audits at a cost of £2,860 excl VAT</p> <p>Financial Procedure Rules - Part Four - Rules of Procedures requires expenditure between £5,001 and £10k to have a minimum of two written quotes one of which one should be from a local supplier and a local supplier should be used where they provide the most economically advantageous offer.</p>					
8	Directed	<p><u>Governance – Gas and Electrical Safety</u> - The Housing Development Project Manager notifies all relevant Council departments of new properties. During a walkthrough of the arrangements, it was identified that new properties for a new development at Wignalls Gate (Redwood Close), Holbeach, had not been copied to the Property Services inbox. These properties were also missing from</p>	<p>Annual reconciliations be completed between the list of gas properties appearing on Norgate Assure and those on Aaron Services' (Gas) portal and McIntyre's (Electricity) portal be completed including new property listing reports.</p>	2	<p>It is agreed that reconciliations should be carried out on an annual basis to ensure that records are being accurately maintained. Following an in year review, it is recommended that annual reconciliations are undertaken at the end of March each year ahead of the new programme year commencing.</p>	Complete	Chris Hale, Housing Property Services Manager

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		<p>Aaron Services' Portal. It was established that the Business Support team received the new development email and added the new property to Northgate. Having not been copied in, Property Services were not aware of their existence and had not been aware to refer them to Aaron Services to add to their servicing list. As a consequence of this observation, the Project Surveyor ran a new properties report from Northgate, which was reconciled to Aaron Services' Portal. This identified 24 new properties since 11/01/21 of which eight were not appearing on Aaron Services' Portal, including the properties referred to above at Wignalls Gate.</p> <p>As a consequence of the aforementioned issues, the Housing Development Team is now including the Property Services group mailbox in on their emails. This allows technical officers to notify Aaron Services and other relevant contractors accordingly.</p> <p>There is no periodic e.g., annual, reconciliation between the list of properties on Northgate and those on Aaron Services' Portal to ensure all they agree and that additions / removals e.g., RTBs, are correctly accounted for. Nor is there a specific list of new properties produced and reconciled between Northgate and Aaron Services'</p>	<p>Risk: Properties that are due for a boiler service may be overlooked and those that are no longer owned by the Council still appearing on Aaron Services' portal and McIntyre's portal.</p>				

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		portal. This also applies to the electrical contract with McIntyres.					
9	Directed	<p><u>Compliance – Electrical Safety</u> - The 'Performance Specification and Contractors Responsibilities' refers 'Inspections and testing shall only be carried out by competent, qualified, and experienced electricians or engineers, who are fully conversant with the requirements to be a competent person as defined in Regulation 16 of the Electricity at Work Regulations 1989, and fully meet the requirements of that Regulation'. It then goes on to provide details of the types of qualifications required.</p> <p>Testing of five electrical tests established that the requisite evidence for one of the operatives undertaking the testing, as detailed on the Electrical Installation Certificate (22/12/22), could not be located. Evidence of qualifications was seen in respect of the qualified supervisor overseeing the test. This contractor is no longer used.</p> <p>New starters are covered at the liaison meetings with the contractor, however there is no evidence that the Council is effectively monitoring that it has received all the relevant evidence of the operatives' qualifications as per the 'Performance</p>	<p>The Council to ensure the requirements of the Performance Specification and Contractors Responsibilities are being fully adhered to prior to the completion of electrical testing.</p> <p>Risk: Substandard works due to the absence of competent operative increasing the risk of injury or harm and non-compliance to regulations.</p>	2	Regular meetings between the contractor and the Council are used to discuss issues affecting the efficacy of the contract. Qualifications for operatives working on Council dwellings are provided to the Council as part of the contract management documents.	Complete	Chris Hale, Housing Property Services Manager

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		Specification and Contractors Responsibilities' either before or after works have been undertaken.					
10	Directed	<p><u>Governance – Fire</u> - The Council uses Judith Evans from Rowan Spire for undertaking fire risk assessments for communal areas (sheltered homes, community centres). This includes risk assessments based on a RAG rated system (High, Medium or Low priority) applied by the external risk assessor for reported remedial works required, in the risk assessments. The risk assessor does not include suggested timescales for addressing RAG rated remedial action.</p> <p>The Contracts Compliance Officer explained that all cases are responded to within a year, but more likely within six months. Timescales also depend on whether external contractors are required to complete the works.</p> <p>During the audit fieldwork, the Contract Compliance Officer introduced timescales as follows High - within a month, Medium - within three months and Low - within six months. Despite this, delays were reported with contractors completing remedial works.</p> <p>Furthermore, there is a need to update the monitoring records further to provide for improved audit trail from when an issue</p>	<p>The external fire risk assessor be requested to advise on the timescales for rectifying RAG rated outcomes in the fire risk assessments and that progress with rectifying each item be accurately recorded with audit trails from the date the issue was first reported through to when the issue is resolved. This record to be monitored by senior management to ensure progress is being made and to ensure there are no long-term outstanding actions.</p> <p>Risk: Injury or harm to occupants of Council owned community centres / temporary housing premises.</p>	2	<p>Following a prior recommendation, regarding procurement, a new fire risk assessor has been appointed. Inspectas have begun carrying out the 2023 programme of fire risk assessments. Having reviewed a sample of the 2023 assessments, it is confirmed that timescales for completion of actions are included and will be actioned in accordance with the timescales set out in the reports. Outstanding fire actions are reported to the Senior Leadership Team and the Portfolio Holder using a compliance report.</p> <p>Progress of fire actions is monitored by the Service Managers within Housing. Evidence is obtained for each action and saved with a corresponding reference to the action. Actions are signed off as complete by the Management Team within Housing.</p>	Complete.	Chris Hale, Housing Property Services Manager.

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		appearing in the fire risk assessment is reported, through to conclusion, including where delays arise. There is no evidence of routine management oversight of fire risk assessment activity to ensure compliance with the requisite regulations.					
11	Directed	<p><u>Governance – Asbestos</u> - The Specification includes reference to 'Review Meetings', in section B3.3, specifically 'Monthly Contract Meetings are recommended as a minimum and the agenda will be jointly developed with South Holland District Council'. The last Review Meeting between the Council and Environtec took place on 30th October 2019, pre Covid. -19. No meetings have taken place since. The Project Surveyor stated that this was due to a combination of Covid-19 and a reduction in the number of surveys.</p> <p>The Specification also refers to 'Contractor must notify South Holland District Council as soon as they become aware of any issue which may delay or alter any works. South Holland District Council will expect the Contractor to propose solutions to any issues and work together to prevent similar issues arising in the future'.</p>	<p>The Council to resurrect Review Meetings with Environtec at a frequency that is considered the most appropriate if monthly meetings are considered too frequent due to the level of activity and number of issues arising, including those reported through the agreed suite of KPIs. (See also recommendation 12).</p> <p>Risk: Contract issues, including poor performance, will be overlooked.</p>	3	The Council hold extensive records related to asbestos containing materials within council dwellings. Alongside this, the Council has asbestos management plans for all dwellings where asbestos containing materials are assumed to be present. The Environtec Contract is used on a call off basis where the Council requires an updated survey. A meeting will be scheduled with Environtec to review the current contract. Quarterly meetings will be proposed, on the basis that the current volume of surveys undertaken would not require monthly meetings.	31/01/2024	Chris Hale, Housing Property Services Manager

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
12	Directed	<p><u>Governance – Asbestos</u> - The Specification also includes a set of KPIs in section B3.1</p> <p>Full Management Survey – (Inclusive of all samples) - 7 working day turnaround from point of survey.</p> <p>Refurbishment / Demolition Survey – (inclusive of all Samples) - working day turnaround from point of survey.</p> <p>Emergency Works/ Sampling (ACM's) - sample within 24 hours of a request made by the Contracting Authority.</p> <p>Emergency Works/ Report Report Analysis – submitted within 3 days.</p> <p>However, the Project Surveyor confirmed that the KPIs are not routinely reviewed and are only looked at if the need arises. No recent data was available to confirm when the data was last provided/reviewed or to assess the contractor's performance.</p>	<p>KPI data, as detailed in the contract specification with Environtec, to be provided and reviewed by the Council, on a monthly basis.</p> <p>Risk: Contract issues, including poor performance, will be overlooked.</p>	3	A review will be undertaken of a sample of historic surveys to ensure they were received within the KPIs set out in the contract. Moving forward monthly data will be compiled and reviewed on a quarterly basis.	31/01/2024	Chris Hale, Housing Property Services Manager

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action to implement should be taken within 1 month.
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2	IMPORTANT	Control issue on which action to implement should be taken within 3 months.
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3	NEEDS ATTENTION	Control issue on which action to implement should be taken within 6 months.
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Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
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There are no operational effectiveness matters.

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, 2, 3, 4, 5, 6, 7, 8, & 9	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Out of scope	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	10, 11, & 12	-

Other Findings



Governance - All areas - Formal contracts are in place for all third-party contractors undertaking regulatory checks on behalf of the Council. This includes the recent appointment of a specialist Licensed Asbestos remover - Reactive Integrated Services (RIS). The contract commenced 01/02/23 until 30/11/25. Prior to this, D Browns were used. The Project Surveyor stated that there had been no removal of asbestos within the previous 12 months (since April 2022).



Governance - Gas Safety - The gas safety contractor (Aaron Services Ltd) has a comprehensive suite of supporting procedures / guidance which helps aide compliance requirements including. It includes a Gas Servicing Procedure, which is a flowchart of the steps to be followed for undertaking an annual service which starts six weeks before the scheduled due date. Further procedural guidance covered:

- Gas Servicing Procedure
- Gas Leak / Report of Fumes Procedure

- Riddor Reportable Gas Incident Procedure - (Procedure is to assist Aaron Services Ltd staff with a clear and concise process when dealing with a confirmed Gas Riddor reportable incident)

- Domestic Cap Off Procedure

- Servicing and Repair of Central Heating Systems in Domestic Premises

Aaron Services also produced a Covid-19 Action Plan a 'Method Statement (MS) Coronavirus Pandemic working in tenants' home'.



Governance - Asbestos - The Council has an Asbestos Management Plan and Procedures for Domestic Properties. This was updated and formally approved during the course of the audit (24/10/22) with the earlier version dated 02/09/21.



Compliance - Gas Safety - Evidence was obtained that operatives undertaking boiler servicing / repairs were Gas Safe accredited. Evidence was also obtained to confirm any defects highlighted by the independent auditor (Morgan Lambert, who checks 10% of Aaron Services' works on a rolling basis) is being verified by the Council as resolved.



Compliance - Water / Legionella - Water sampling, including checking for legionella, is undertaken on a monthly rolling programme sample basis for commercial areas and public buildings and shared flats. Lakeside undertake risk assessments and record details on their portal. Outcomes are risk assessed and action required is RAG rated and followed up. The use of Northgate would improve controls and a generic recommendation has already been raised covering all areas in scope.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partially in place	2, 4, 5, 10, 11 & 12	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

Other Findings

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report.

Stage	Planned as per the APM	Actual
Draft Report:	14 July 2022	18 th April 2023
Final Report:	26 July 2022*	

*Delays are due to a combination of the systems and variety of working practices in operation, number of issues raised impacting on auditor time with other audits and auditor periods of leave.