

**FROM:** Audit and Risk Manager  
**TO:** Head of Housing & Property Services  
**C.C.** Chief Executive  
Deputy Chief Executive (BH)  
Head of Finance  
Asset Manager  
Repairs Manager

**SUBJECT:** Housing Repairs  
**REF:** JK/JB/RAM  
**DATE:** 25 September 2013

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## **1. Introduction**

- 1.1 As part of the 2013/2014 Audit Plan an audit was recently undertaken on the systems and procedures in place to manage the day to day responsive repairs to Housing properties.
- 1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

## **2. Scope and Objectives of the Audit**

- 2.1 The audit was undertaken in order to evaluate the systems for ordering and paying for repairs to HRA properties.
- 2.2 The audit focussed on day to day responsive repairs to HRA dwellings and garages carried out under contract by Ian Williams.
- 2.3 The approach to the audit was to ascertain and evaluate the controls in place by applying the CIPFA Control Matrices. These basically comprise an internal control questionnaire which is completed following a discussion with the main audit contact and is designed to identify any control weaknesses. This is followed by the completion of a set of compliance tests that are linked to the ICQ.
- 2.4 The matrices are intended to be relevant to all Housing Authorities but they are not universally applicable due to individual authorities' systems and priorities.
- 2.5 They are fairly broad in content and make little reference to some of the key areas around ordering work and eventually making payment. Therefore the audit set out to identify and test the controls in these areas also.

## **3. Background**

- 3.1 The management of the housing repairs and maintenance function is undertaken by staff in Housing and Property Services (H & P S).

- 3.2 Maintenance and repairs of the council's HRA properties is one of the major activities in H & P S involving thousands of transactions and millions of pounds of expenditure each year. Consequently it is often subjected to analysis with the aims of improving customer service and achieving efficiencies.
- 3.3 As at 1 April 2013 the estimated housing stock was 5593 dwellings and 2029 garages.
- 3.4 The estimated expenditure on responsive repairs for 2013/2014 is £1,264,400 on dwellings and £71,400 on garages.

#### **4. Findings**

- 4.1 From a very early stage in the audit it became apparent that it was going to prove difficult to complete a full and meaningful audit of housing repairs. The fairly broad and general content contained in the CIPFA Control Matrices could be addressed but any examination of the procedures around ordering and paying for work and the associated areas such as contract management and budgetary control would not be possible within the time allocation and also the schedule for completing other audits in the Plan.
- 4.2 The reason for this was that very early in the opening meeting reference was made to open book accounting and the role of Impart Links in delivering the new approach and being actively involved in certain aspects of contract management. In broad terms the new arrangements for managing the contract were explained but it was immediately evident that there was a lot more to the process than ordering a repair and ultimately paying for it.
- 4.3 It was also evident that the new approach was still very much in its infancy and the involvement of consultants in contract management aspects meant that it was not being fully managed by officers in H & P S. With that in mind and the need to acquire a sufficiently detailed understanding of the various elements of managing and delivering the contract it was felt that it was appropriate to complete the audit using the CIPFA Matrices, which would amount to a fairly general examination of the management of repairs, and to carry out a full audit as part of next year's Audit Plan.
- 4.4 By next year any teething problems should have been ironed out, officers in H & P S will be familiar with all aspects of the new approach and the contract will be fully managed by H & P S.
- 4.5 In order to address the knowledge gap it was agreed with the Asset Manager that a possible way forward would be to arrange some training to be delivered by Impart Links for all members of Audit and Risk and selected other staff in Finance as well as any other council officers requiring initial or refresher training.

It was clear from discussions with staff in Procurement and in Accountancy that they had no understanding of the ethos or the mechanics of the open book cost management approach.

4.6 The Asset Manager has agreed to arrange some training once a remit has been agreed and there is a better idea of possible attendees. The Head of Housing and Property Services supports the proposal.

#### 4.7 **CIPFA Control Matrices**

4.7.1 As already mentioned the CIPFA Matrices, which are intended to be applicable to all housing authorities, cover areas that are very much around housing repairs without focussing on contract and budgetary control matters. Also they delve into some areas that are covered by other planned audits e.g. procurement, programmed repairs and leaseholder service charges. In addition some of the tests set out are not applicable to the systems in place at WDC. Accordingly in order to carry out a meaningful audit it is necessary to expand the testing by examining the controls around the management of the contract which has not been possible on this occasion.

4.7.2 The aspects of the matrices that remain and that can be examined together with the findings are as follows –

##### 4.7.3 Office manuals and guidance for staff involved in repairs.

This is very much a standard question in all of the matrices and one that rarely meets with a positive response. It would be very unusual, especially in a time of regular change, to record the detailed workings of a system in something akin to an office manual.

In practice, and where there are experienced staff in place, there is not normally any need for regular reference to a procedural manual as staff will be aware of their duties, their role and how a system operates. Any new staff are likely to acquire the necessary skills and knowledge through experience and instruction rather than from a manual.

That said there are on the H & P S page on the Intranet almost 200 user guides, produced by staff in ICT, covering all aspects of the activities undertaken. Some are of a general nature in that they relate to Active H or the production of reports but over 50 are specific to the various processes in repairs.

##### 4.7.4 Repairs only being carried out to HRA properties.

All HRA properties are recorded in one property masterfile, Active H. This record is used whatever the purpose of the transaction is be it, rent collection, Home Choice or repairs.

Whenever a repair is requested the detail is recorded in Active H so if there is no record then the repair cannot be initiated. At the other end of

the process on completion of the work the contractor inputs the charges to Active H so if there is no asset record he cannot make a charge.

Naturally any properties that are sold or in any way disposed of should no longer have any repair work undertaken on them. In 2012/2013 and 2013/2014 to date there were 40 sales. A sample was checked to Active H and in all cases the record displayed the word "Disposed" prominently.

#### 4.7.5 Target times.

There are target times in place for the completion of repairs from the initial request through to finishing the job on site. For an emergency the target is 4 hours and for routine work it is 20 days. The routine target is almost a case of having a number in place as the true target is to carry out the job by appointment at a time to suit the tenant.

#### 4.7.6 Contractor performance.

Contractor performance has always been monitored regardless of the contract management system in place but it has been used mainly for management information and possible action. Under the current system it is a vital part of the process as in order to benefit from the partnership arrangement the contractor not only has to meet cost targets but also meet key performance indicators.

In July the contractor exceeded the benchmark target for routine repairs (target 90.0% actual 99.1%) but fell short of the target for emergencies (target 95.0% actual 61.0%). The information recorded in Active H is currently being reviewed in an attempt the reason for the under performance.

Also in July the contractor completed 97% of jobs "right first time". The remaining 3% were completed at re-call visit.

#### 4.7.7 Repairs inspections policies and targets.

Pre inspection of repair requests as a matter of routine was dispensed with many years ago and will now only take place if there are unique circumstances to the job or if, for any reason, the contractor requests a pre inspection.

Post inspection is carried out based on a random selection of completed jobs. The aim is to inspect 5% of all jobs and 100% of all jobs with a value greater than £600.

As a result of the new approach to managing the contract and the accompanying changes in procedures that staff needed to learn there was a suspension of post inspections and they have only recently been resumed.

#### 4.7.8 Awareness of tenants' and landlord's responsibilities.

Most repairs required to a property will be the landlord's responsibility with relatively minor matters being down to the tenant. Most tenants and particularly those of any standing will be well aware of where responsibility lies.

In case there should be any doubt the position is clearly spelled out in the tenancy agreement, the tenant's handbook, the WDC website and periodically in the tenants' magazine Tenants Together (formerly Home News).

#### 4.7.9 Recharging the cost of repairs.

Tenants are made aware that any repair costs arising from any deliberate, inappropriate action on their part will be recharged to them. In practice there are very few cases of repairs being recharged. It is more likely that a tenant would arrange their own repair.

The only examples of repairs being recharged recently have been due to incidents resulting in an insurance claim.

#### 4.7.10 Access to repairs records and systems and authorisation of repairs.

Access to Active H is allowed to a large number of staff. Most members of staff in H & P S will require access as will anybody receiving a repair request and needing to enter the details into the system.

Access is at different levels with some staff requiring a view only access. Certain members of staff in H & P S and virtually all members of staff in the Customer Service Centre will be able to raise and authorise a repair.

Access is controlled and the names of all members of staff with access is recorded in Active H.

### 4.8 **Impart Links**

4.8.1 The company Impart Links have been referred to elsewhere in this report and as part of the background to the audit it was appropriate to establish their role, their remit and the cost of their services.

4.8.2 They were originally engaged about a year ago to assist H & P S in the retender of several key housing contracts as they are specialists in this area with a proven track record.

4.8.3 Since their initial engagement their remit has been extended to assist and advise on the implementation of the open book approach and related matters. Consequently the initial projected cost of engaging Impart Links has increased significantly.

4.8.4 A detailed report outlining the reasons for extending Impart Links' initial remit and the benefits that have arisen as a result is to be presented to Executive.

## **5. Conclusion**

5.1 In normal circumstances a conclusion would be based on having completed a full audit of a system or activity. In this case for reasons already listed this has not been possible.

5.2 However based on the limited audit undertaken, and subject to a future assessment of the workings and merits of the open book accounting approach and the relationship with Impart Links, the conclusion is that there are sound systems and procedures in place to manage the council's housing repairs function.

5.3 The audit can therefore give a **SUBSTANTIAL** level of assurance that the systems and procedures in place are appropriate and working effectively.

**Richard Barr**  
**Audit and Risk Manager**