



INTERNAL AUDIT REPORT

Confidential

To: Executive Manager - Housing

cc: Director - Development Services
Head of Finance
Chief Executive

cfi: Executive Manager - Executive Services

From: Executive Manager - Internal Audit

DEVELOPMENT SERVICES - HOUSING

1. Executive Summary

The auditee is the Executive Manager – Housing, who is line-managed by the Director – Development Services.

This is a well-established area of the Council with many experienced and dedicated employees. Together with the rest of the Council, it is currently undergoing re-organisation which has seen the retirement/resignation of two senior members of staff in the last year.

The Service has established a quality management system and has received ISO 9001:2008 accreditation.

Five audit issues were identified, one of which is regarded as key. This relates to overtime which is routinely worked without prior request/authorisation at a cost of approximately £100,000 per annum. In addition, there were six minor audit issues, which are detailed in the Final Report Action Plan. Many of the issues have already been addressed and we have received assurances that all others will be dealt with.

2. Audit Scope

- 2.1 This is an audit of Housing which, following a recent re-organisation, forms part of Development Services.
- 2.2 The audit encompassed a review of the administration and controls surrounding the application of statute and Council policy, access to end-



user systems and back-up routines, application of value for money and business continuity; Human Resource Management including staffing arrangements, overtime claims, time sheets and any SSSC registration requirements; Financial Management incorporating income sources and lease payments; Tenancy Management involving housing allocations, file maintenance, key management, administration of void properties, property inspections and transfer incentive schemes; Capital Expenditure including approvals and monitoring; Responsive Maintenance including processing and monitoring, calculations and recharges and Miscellaneous including grant claims and performance indicators, vehicle usage, risk assessments, external audit/inspection reports, risk registers, complaints procedure, consultation with tenants, responsibilities under Right to Buy and Service Level Agreements.

- 2.3 The Service has recently undergone a follow-up inspection by the Scottish Housing Regulator, which covered asset management and homelessness in some depth. Accordingly, these areas were not covered in this audit but will form part of future internal audits.
- 2.4 The audit scope period within which audit tests were performed was the nine months to 31 August 2011.

Details of areas tested during the course of the audit are attached, Appendix 1.

3. Key Audit Issue

- 3.1 Contrary to Council policy, overtime is being routinely worked by Housing DLO staff without prior request and authorisation. This is in addition to the overtime worked while on call. It is estimated that this could be costing the Council about £100,000 per annum.

4. Audit Issues

- 4.1 Service-specific risk registers have not been timeously reviewed, meaning that additional risks might not be adequately identified and addressed and existing risks re-assessed.
- 4.2 Not all recharges for repairs are being appropriately processed and the operational procedure relating to this requires updating.
- 4.3 Three employees are driving Council vehicles although their insurance has expired and a number of employees have not completed the compulsory driver development training.
- 4.4 Appropriate records are not being maintained where employees are taking home Council vehicles.
- 4.5 The procedure for security of keys is not being consistently followed.

5. Other Observations

- 5.1 We would like to take this opportunity to thank all staff for the time, patience and assistance afforded to Internal Audit during the course of the

audit assignment. The positive attitude shown by staff was much appreciated during the audit.

5.2 This audit will be followed up in approximately twelve (12) months time when areas of concern identified will be reviewed.

6 Auditee Response

6.1 Attached as Appendix 2 is a formal agreed action plan that constitutes the Executive Manager - Housing's response. Any further comments should be forwarded to all recipients of this report, including Internal Audit.

Date: 29th September 2011

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