

SUMMARY OF FINDINGS

<u>Control Objective</u>	<u>Findings / Risk</u>	<u>Recommendations</u>
1. GENERAL		
1.1 Policies and procedures over the control and the administration of key areas of operation are established with policies appropriately approved and reviewed.	None	N/A
1.2 Access to end user systems is adequately restricted with critical systems files backed up on a regular basis and adequate change control procedures in place. Software licences are up to date and installable media is securely located.	None	N/A
1.3 The application of value for money criteria within Housing Services is appropriately addressed.	Refer to Control Objective 2.2	Refer to Control Objective 2.2
1.4 Measures are in place to prevent interruption of critical areas of operation.	None	N/A
1.5 The Housing DLO Trading account is maintained according to legislative requirements.	None	N/A
2. HUMAN RESOURCE MANAGEMENT		
2.1 Staffing arrangements for Housing Services are appropriately determined and administered in accordance with national conditions and local policies.	None	N/A
2.2 Salary information submitted for payroll input is appropriately completed and subject to prior review and approval.	<p>A copy of the Servitor pay information was received from Payroll for July to ascertain the amount of overtime that had been worked by Housing DLO staff excluding any overtime that had been worked while on call. Approximately 500 hours of overtime had been worked by 29 employees during July. These hours worked equate to approximately £8,900 including National Insurance. This figure extrapolated over a year works out to just over £100,000.</p> <p>It was stated by the Team Leader that this overtime has become a matter of routine and no pre-authorization is in place. There is no current agreement for contractual overtime.</p> <ol style="list-style-type: none"> <i>There is potentially approximately £100,000 of spend on overtime each year not subject to prior authorisation.</i> <i>The agreed standard working week of 37 hours is being regularly and routinely breached.</i> <i>Overtime is carried out as a matter of routine with no prior authorisation.</i> 	<ol style="list-style-type: none"> The Single Status collective agreement terms and conditions regarding the working week should be adhered to. Overtime outwith the on-call rota should be considered on an adhoc basis only and should be pre-authorized in accordance with policy.
Audit Comment #3		
2.3 Time sheet information is appropriately completed and accurately compiled.	None	N/A
2.4 SSSC registration requirements are being addressed within Housing	None	N/A

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Services.		
3. FINANCIAL MANAGEMENT		
3.1 All income sources are identified and charges are regularly reviewed. Sales invoices are accurately prepared and approved, issued timeously and correctly posted. Cash takings and balances are adequately secured, promptly banked, correctly allocated and fully accounted for.	None	N/A
3.2 Lease payments are being carried out in accordance with agreements.	Minor Audit Issue	Check on follow up that rent reviews on XXX have taken place.
4. TENANCY MANAGEMENT		
4.1 The Housing Register is supported by appropriate documentary evidence.	None	N/A
4.2 Allocations awarded are in accordance with the Council's Allocations Policy.	None	N/A
4.3 Tenancy allocation and letting of all properties are legitimate and appropriate.	None	N/A
4.4 For each property, a tenancy record and file is maintained.	None	N/A
4.5 Keys for void properties are securely held.	<p>A sample was made of void properties at 3 October 2011 and included 18 houses and one garage. This was tested to ensure that the keys were securely held in the key cabinet at Housing or were otherwise accounted for on the Orchard system.</p> <p>The results were as follows:</p> <ul style="list-style-type: none"> • XXX <p><i>The Keys policy is not being followed consistently in that:</i></p> <ol style="list-style-type: none"> 1. <i>For three void properties, the Orchard system records did not tally with the contents of the key cabinet.</i> 2. <i>An outgoing tenant appears to have returned only one key and there is no indication that a second key was cut.</i> 	<ol style="list-style-type: none"> 1. While we acknowledge that two of the void properties are due for refurbishment/demolition, the keys record on Orchard should still be kept updated in order to keep track of the keys in circulation. 2. Efforts should be made to locate the keys for the XXX 3. The Keys policy should be followed in cases where both keys are not returned by outgoing tenants.
	Audit Comment #5	
4.6 All void properties are correctly administered and monitored and terminations of tenancy are carried out in accordance with policy and legislation.	None	N/A
4.7 Property inspections are performed as required and findings appropriately addressed.	None	N/A
4.8 Financial incentive schemes / transfer payment schemes are appropriately administered.	Minor Audit Issue	Payment should not be made until the new Tenancy Agreement has been signed.
5. CAPITAL EXPENDITURE		

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5.1 Capital Programme works are correctly determined and represent either an enhancement of, or improvement to, Council facilities.	None	N/A
5.2 Commitments and expenditures made have received prior Council approval and are accurately recorded as to account, amount and period.	None	N/A
5.3 Adequate monitoring of works in progress and associated reporting to Council takes place.	None	N/A
6. MAINTENANCE		
6.1 Planned maintenance programmes to prioritise and schedule tasks have been established, approved and regularly reviewed.	Decision made not to audit this area on this occasion, as it had been covered by the Scottish Housing Regulator's follow up audit, issued in August 2011.	N/A
6.2 All planned repair and maintenance work is correctly calculated and valued.	Decision made not to audit this area on this occasion, as it had been covered by the Scottish Housing Regulator's follow up audit, issued in August 2011.	N/A
6.3 Agreed procedures have been established to process and monitor responsive repair requests.	Minor Audit Issues	20% of DLO Housing Post Inspections should be carried out. Journals should be processed timeously.
6.4 All responsive repair work is correctly calculated and valued.	Refer to Control Objective 6.3	Refer to Control Objective 6.3
6.5 Payment is received for any works (planned or responsive) carried out that is rechargeable.	<p>Housing has an Operational Procedure (OP5) that covers Recharges. Housing Officers and Technical Officers are responsible for identifying rechargeable repairs, and ensuring that those repairs are ordered where necessary. Responsibility for raising invoice requests lies with the Housing Assistants – Customer Care, and for processing recharges on the Rents System with the Rent Section in Finance Services.</p> <p>For a judgemental sample of 10 chargeable repairs totalling over £6k within the audit scope period:</p> <ul style="list-style-type: none"> • 8 recharge letters were on file • 2 recharge letters were not processed <p>Operation Procedure OP5:</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>3.10 If a recharge is identified by any other method other than a tenant request, a recharge letter must be issued. This letter is to be generated by the Housing Assistant – Customers Services or Technical Officer. A copy of each letter is to be kept by the Housing Assistant – Customer Services in the recharge file.</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>3.11 – In all cases the Housing Assistant – Customer Services must complete the Recharge Form and pass to Rents Section.</p> </div> <p>In practice, once the work order is complete, the Housing Co-ordinator completes and forwards the Notification for processing the recharges onto the Rents System. However, in two cases within the small sample of ten, the Notifications were not processed and the charges were not made. One</p>	<ol style="list-style-type: none"> 1. Roles and responsibilities must be clarified to ensure all recharge letters are produced and appropriately processed. 2. Recharge letters should be referenced with the Orchard Work Order. 3. Outstanding charges on the recharge cost centre should be reconciled on a regular basis with outstanding work orders being followed up.

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	<p>reason given was that the Technical Officers had not forwarded the recharge letters onto the Co-ordinator. However, the letter had been prepared by the Technical Officer and saved onto the J Drive, where the Co-ordinator could have accessed them. In the other instance, the recharge letter had not been prepared by the Technical Officer. There was a separate work order issued for that address at that time and a recharge letter was prepared and processed, however the works for the ticket within the sample were not recharged.</p> <p>It has been suggested to the Inspections Team Leader that the Orchard Work Order number should be referenced on each letter in order to ensure that all recharged work orders are accounted for. This has been communicated and agreed by the Inspection Team who prepare the recharge letters.</p> <p>The most recent reconciliation of outstanding charges not added to rent accounts was carried out to the end of March 2011. This highlighted 13 jobs where letters were 'not sent' to the repairs office. There has been no follow up or subsequent reconciliation.</p> <p>It is recognised that the new Capita system being introduced next year may resolve these procedural issues, however in the meantime responsibilities and procedures must be clarified to ensure that all rechargeable job tickets are appropriately processed onto letter and notification etc.</p> <p>For those recharge letters found:</p> <ul style="list-style-type: none"> • 4 Notifications to be added to rent account were sourced • 1 Notification was pending and another tenant is unavailable (ongoing) • Charges were as per Schedule of Rates plus call out charges • 10% Admin and VAT has been added • All jobs were completed timeously <p><i>Not all charges are being appropriately processed and procedures are out of date.</i></p>	

Audit Comment #2

7. MISCELLANEOUS

7.1	Grant claims and Scottish Executive returns / Performance Indicators are accurately and punctually completed.	None	N/A
7.2	Vehicles are appropriately utilised by insured drivers with logbooks maintained.	<p>A list of current drivers was received from the Repairs Coordinator. There are 27 current vehicle drivers at Housing. This list was cross referenced to the Insurance database to ensure drivers are adequately insured and that they have attended driver development training. At the time of testing the findings were as follows:</p> <ul style="list-style-type: none"> • Insurance has expired for 3 drivers • 21 drivers have not completed the theory section for driver development training • 9 drivers have not completed the practical section for driver development training <p>It was stated by Safety and Risk Management that the nominated person had been contacted about the expiring insurance but no renewal has been received.</p>	<ol style="list-style-type: none"> 1. All drivers of Council vehicles should be adequately insured with renewals processed when required. 2. Driver development training should be completed by all vehicle drivers. 3. Mileage log books should be completed by all employees who take home Council owned vehicles to provide evidence that private use is restricted to home to work mileage.

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	<p>Mileage log books are not completed by employees who take home Council owned vehicles.</p> <ol style="list-style-type: none"> 1. <i>Uninsured employees are driving Council vehicles.</i> 2. <i>Employees are not always completing the compulsory driver development training.</i> 3. <i>Appropriate records are not being maintained where employees are taking home Council owned vehicles.</i> 	
	Audit Comment #4	
7.3 Risk assessments are prepared by suitably trained individuals and regularly reviewed.	Minor Audit Issue	Any out of date risk assessments must be reviewed as soon as possible.
7.4 External audit / inspection reports have been adequately addressed.	None	N/A
7.5 Service-specific Risk Registers are in place.	<p>Housing Services have completed risk registers in the following areas and hierarchies:</p> <ul style="list-style-type: none"> • Housing <ul style="list-style-type: none"> • Housing and Properties <ul style="list-style-type: none"> • Estate Management • Housing Outreach • Supported Accommodation • Housing Business Support <ul style="list-style-type: none"> • Asset Management • Finance and Customer Care • Housing DLO • Policy and Information <p>A random selection of risks was examined and it was noted that all are overdue for review.</p> <p><i>Risk registers have not been timeously reviewed. Without this, additional risks might not be adequately identified and addressed and existing risks re-assessed.</i></p>	The risk registers should be reviewed as soon as possible.
	Audit Comment #1	
7.6 The timescales in the Housing Services' complaints procedure are being adhered to.	Minor Audit Issue	Ascertain on follow-up that improvements to database have been carried out.
7.7 Consultation with tenants / meetings with Shetland Tenants' Forum are carried out in accordance with Service Plan.	None	N/A
7.8 Where applicable, contractors are adequately screened prior to appointment.	None	N/A
7.9 The Housing Service timeously discharges its responsibilities with regard to Right to Buy.	None	N/A
7.10 Service Level Agreements have been established where appropriate and are being followed.	None	N/A