



Internal Audit

**FINAL**

## Runnymede Borough Council

Assurance Review of Housing Repair and Maintenance

**2023/24**

September 2023

Agenda Item 5

## Executive Summary

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Failure to comply with regulator's code - and new definition of the 'Decent Homes Standard

### KEY STRATEGIC FINDINGS



A sample of 10 works orders were reviewed. It was noted that in five out of 10 cases the Northgate portal had not be updated by M.C.P. Property Group Limited to indicate that the job had been completed or cancelled. As a result, no payments relating to the completed job had been and no post inspections had taken place or variation orders raised. However, no recommendation has been raised as these issues have been raised as part of the performance monitoring meetings and should be resolved once the interface between the BARIS system and Northgate (now NEC) is complete.



Though M.C.P Property Group Limited do provide Key Performance Indicators data this data cannot be currently verified. However, no recommendation has been raised as this should be resolved once the interface between the BARIS system and Northgate (now NEC) is complete

### GOOD PRACTICE IDENTIFIED



There are several good practices that have been adopted. There are contract review meetings held monthly and strategic review meetings held quarterly where major issues relating to the contract are being discussed and noted.

### SCOPE

The purpose of the audit was to review the overall management of the Housing Repair and Maintenance Service. The review included the following key areas.

- Policies and procedures.
- Pre property inspections.
- Raising Works Orders.
- Variations.
- Completions and post completion inspections.
- Contractor Payments.
- Tenant satisfaction.

### ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

• And Performance management and reporting.

## 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)
No recommendations were made							

PRIORITY GRADINGS

**1 URGENT** Fundamental control issue on which action should be taken immediately.

**2 IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3 ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No operational effectiveness matters were identified.				

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	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

### Other Findings



Discussions with the Head of Housing Technical Services confirmed that with regard to responsive repairs and void services the contract has been tendered appropriately and was awarded to M.C.P Property Group Limited for an initial period of five years commencing on the 1st April 2023 with an option at the employer's discretion to extend for a further five year period.

The contract with M.C.P Property Group Limited was obtained and reviewed. It was noted that the contract was dated 10th November 2022 and had been appropriately signed by both parties.

In addition, the contract covered the following main aspects such as:

- Contract obligation.
- Payments.
- Contract administration.
- Legal proceedings relating to adjudication and arbitration.
- Sub – contracting.
- Performance indicators.

## Other Findings



It was confirmed during the previous review that a Housing Asset Management Plan has been developed to cover the period 2021-2026, which was agreed by the Housing Committee in March 2021 and further updated and presented to Committee in September 2021. The plan focuses on achieving and maintaining homes at the government's 'Decent Homes Standard' and highlights the Council's aspirations for its housing stock over the next five years, being:

- Good quality homes.
- New council owned homes.
- Environmental sustainability.
- Properties that are safe and where risks are managed.
- Investment into our retirement living accommodation.
- A wider review of our assets.

Discussions with the Head of Housing Technical Services confirmed that the Housing Asset Management Plan is reviewed on a yearly basis and was reviewed by the Housing Committee in September 2022 and is due to be reviewed again in September 2023.



Discussions with the Head of Housing Technical Services confirmed that all the policies and procedures were up to date and reflected the current processes in place.

The Responsive Repairs Policy was obtained and reviewed. It was noted that the policy had been approved in 2021 and due for review in 2024. The policy covered the following main aspects such as:

- Policy objectives.
- Policy details (Including repair responsibility, tenants repairing obligation, repairing appointments and out of hours emergency repairs).
- Repair specifics - (Including raising concerns, fire safety, and Void/Empty Properties).
- Performance management.
- Legislation and regulations.

The Recharge Policy was obtained and reviewed. It was noted that the policy was due to be reviewed in March 2025. The policy covered the following main aspects such as:

- Potential recharge reason.
- Rechargeable repair.
- Recharge Categories (Current tenants).
- Charges on Termination of Tenancy.

However, there has recently been an upgrade to the Northgate (now NEC) system and discussions with Housing Maintenance IT & Systems Administrator indicated that procedure notes will require review to ensure these incorporate minor changes which is due to take place shortly.

The control relating to the governance framework in relation to Housing Repair and Maintenance was considered to be operating efficiently and effectively as the contract with M.C.P. Property Group Limited did cover all the main aspects and the policies and procedures reviewed as part of the testing were up to date and reflected the current process and procedures.

## Other Findings



As part of the previous report there was only one Operational Effectiveness Matter identified relating to procedure notes reflecting the current process and procedures. These have been reviewed. However, there has recently been an upgrade to the Northgate (now NEC) system and discussions with Housing Maintenance IT & Systems Administrator indicated that procedure notes will require review to ensure these incorporate minor changes. This is due to take place shortly.



Discussion with the Head of Housing Technical Services confirmed that he was the Contract Administrator for the responsive repairs and void service contract. However, the Corporate Head of Housing is overall responsible for the management aspects.



Discussions with the Housing Maintenance IT & Systems Administrator indicated that currently the I.T. Interface between the BARIS system (Used by M.C.P Property Group Limited) and Northgate (now NEC) has not yet been implemented. As a result, information must be currently input onto both systems separately. Therefore, various members of staff from M.C.P. Property Group Limited have access to the Northgate portal. However, the access on the Northgate portal is restricted so the relevant members of staff are not able to set up work orders. They are only able to amend the status of the work order.



It was highlighted in the previous audit report that the Council did not meet the Government's Decent Homes Standard, which was evidenced in the Regulatory notice received in October 2019. The data from the stock condition surveys completed in 2019 identified that a significant programme of planned works would be required to meet and maintain the Decent Homes Standard and, as a result, an investment plan was developed for the five years from 2022, which was incorporated as part of the Housing Asset Management Plan. The investment programme involved several property component replacements at a cost of around £10 million per year. In addition, it addressed a significant backlog of works and future investments to maintain the requisite standards. Discussions with the Head of Housing Technical Services confirmed that the Regulatory notice received in October 2019 was withdrawn in February 2023.



Discussion with the Head of Housing Technical Services confirmed that an appropriate risk assessment had taken place and that relevant mitigation arrangements had been identified.

The risk assessment outlined as part of the Housing Service Level Plan was reviewed, and the following main risks had been identified:

- Failure to comply with regulator's code - and new definition of the 'Decent Homes Standard' the main mitigating factor is the Housing Committee Oversight and the ISO 9001 policy and procedure framework.
- Claims for disrepair from tenants against the Housing Service the main mitigating factor is appropriate property inspections.
- Housing Maintenance Contracts not properly procured the main mitigating factor is that there is an appropriate Contract management framework in place.

The control relating to the risk identification and mitigation in relation to Housing Repair and Maintenance was considered to be operating efficiently and effectively. Risks with appropriate mitigating factors have been identified.



## Other Findings



A sample of 10 works orders was selected. For each of the work order selected the following information was obtained and reviewed:

- Works order date issued.
- Target completion date for the job.
- Dates of any pre or post inspections.
- Any variation orders if applicable.
- Payments made to contractor.
- Satisfaction Survey completion/outcomes.

The following was noted:

- In five out of 10 cases the Northgate portal had not be updated by M.C.P. Property Group Limited to indicate that the job had been completed or cancelled. However, the BARIS system showed the relevant job to be complete or cancelled.
- No payments had been made to the contractor as none of the jobs selected had been indicated as complete on the Northgate system.
- No post inspections had taken place or variation orders raised as none of the jobs selected had been indicated as complete on the Northgate system.

However, discussions with the Head of Housing Technical Services confirmed that the Interface between the BARIS system (Used by M.C.P. Property Group Limited) and Northgate (now NEC) is due to be completed by August 2023.

The controls in relation to updating of the works orders was considered to be only partially effective as the interface between the Baris and Northgate (now NEC) is not yet complete. However, no recommendation was made as the above issues have been addressed as part of the monthly performance meetings and the interface is due to be completed shortly.

## Other Findings



Discussions with the Head of Housing Technical Services confirmed that for the responsive repair and void services contract monthly performance meetings and three-monthly strategic review meetings are being held. The last monthly performance meeting was held on the 6 July 2023 and the first strategic review meeting for the new contract was held on the 19 July 2023.

Minutes of the performance review meeting held on 6 July 2023 was obtained and reviewed. It was noted that the main aspects discussed as part of the meeting were as follows:

- Recruitment by M.C.P Property Group Limited.
- KPI (Including the backlog of jobs being raised by M.C.P Property Group Limited by manual process).
- Customer Feedback is being captured and responded to by M.C.P Property Group Limited.
- I.T. Interface between BARIS and Northgate is due to be implemented by August 2023.
- Contract resourcing and Sub - Contracting (over reliance on the sub- contractor will reduce once the recruitment process has been completed).

The minutes of the strategic review meeting held on the 19 July 2023 was obtained and reviewed. It was noted that the main aspects discussed were as follows:

- Resources (Overuse of Sub - Contractors for day-to-day repairs).
- Key Performance Data (Data being supplied has not been validated and information is inconsistent and inaccurate. Without the baris integration and lack of system completed works in NEC contractor portal, Runnymede Borough Council are unable to run Key Performance Data).
- Complaints (M.C.P. Property Group Limited have not shared any complaint data with Runnymede Borough Council. Complaints have filtered through to Runnymede Borough Council directly and the numbers and reasons are concerning at this stage in a new contract).
- Missed appointments (Complaints directly coming to Runnymede Borough Council from tenants over frequent missed appointments and cancelled works).
- Quality of Workmanship (Lack of quality multi-skilled operatives causing undue works being undertaken increasing costs of works and poor-quality finish for works that have been completed).

The controls relating to the performance monitoring of the repairs and void service contract was considered to be efficient and effective as monthly performance meetings are being conducted and appropriate issues are being identified and discussed.



**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	<b>Performance Monitoring</b> 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.	In Place	-	-
S	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	In Place	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

**Other Findings**



Discussions with the Head of Housing Technical Services confirmed that the budgeted costs for the contract is £1.2m for the financial year 23/24. However currently no payments have been made to the contractor.

The Key Performance Indicators produced by M.C.P. Property Group Limited for the months of July 2023 were obtained and reviewed. It was noted that in relation to the following M.C.P. Property Group Limited did not meet its target:

- Repair completed in the first visit.
- Emergency attended within four hours.
- Routine repairs completed within 15 days.
- Complaints and feedback.

As per the strategic review meeting held on the 19th July the Key Performance Indicators data supplied has not been validated and the information is inconsistent and inaccurate. Without the BARIS integration and lack of system completed works in Northgate (Now NEC) contractor portal, Runnymede Borough Council are unable to run Key Performance Data.

Discussion with the Housing Maintenance IT & Systems Administrator confirmed that as per the Northgate (now NEC) system only 65 orders have been completed but as per KPI compiled by the Contractor they are 608 orders that have been completed.

The controls relating to the monitoring of the Key Performance Indicators as per the repair and void service contract was considered to be only partially effective as though M.C.P Property Group Limited do provide Key Performance Indicators data this data cannot be currently verified by Runnymede Borough Council.

**Other Findings**

Discussion with the Head of Housing Technical Services confirmed that aspects relating to sustainability have been incorporated as part of the contract with M.C.P. Property Group Limited. The contract was reviewed, and it was noted that a social value plan had been incorporated as part of the contract and that the plan incorporated the establishment of a carbon reduction baseline and plan. This is to be achieved by assessing M.C.P. Property Group Limited mileage data and waste management process.



There are several good practices that have been adopted. There are contract review meetings held monthly and Strategic review meetings held quarterly where major issues relating to the contract are being discussed and noted.

## 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.

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

### Assurance Assessment

4. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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	Issued	Response Received
<b>Audit Planning Memorandum:</b>	19 <sup>th</sup> May 2023	19 <sup>th</sup> May 2023
<b>Draft Report:</b>	14 <sup>th</sup> August 2023	1 <sup>st</sup> September 2023
<b>Final Report:</b>	5 <sup>th</sup> September 2023	

# AUDIT PLANNING MEMORANDUM

## Appendix B

<b>Client:</b>	Runnymede Borough Council		
<b>Review:</b>	Housing Repair and Maintenance		
<b>Type of Review:</b>	Assurance	<b>Audit Lead:</b>	Laila Somji

<b>Outline scope (per Annual Plan):</b>	The review will include the following: Policies and procedures Pre property inspections Raising Works Orders Variations Completions and post completion inspections Contractor Payments Tenant satisfaction, and Performance management and reporting.		
<b>Detailed scope will consider:</b>	<p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery</p> <p>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.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>	
<b>Requested additions to scope:</b>	(if required then please provide brief detail)		
<b>Exclusions from scope:</b>	Non		

<b>Planned Start Date:</b>	21/06/2023	<b>Exit Meeting Date:</b>	02/08/2023	<b>Exit Meeting to be held with:</b>	Simon Allen
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### SELF ASSESSMENT RESPONSE

<b>Matters over the previous 12 months relating to activity to be reviewed</b>	<b>Y/N (if Y then please provide brief details separately)</b>
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N