Flintshire Internal Audit

Audit Report

Audit Opinion

Title: Welsh Housing Quality Standard 17/18

Portfolio: Housing & Assets

Issued Dated: May 2019

Report No: 15-2017/18

Report Status: Final Report

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.
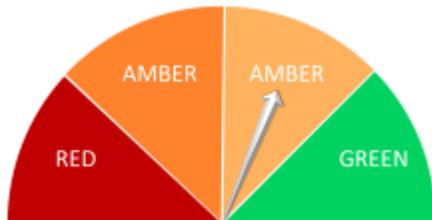
1 Executive Summary:

Introduction and Scope:

An audit of the Welsh Housing Quality Standard (WHQS) was undertaken as part of the Internal Audit Plan for 2018/19.

The Welsh Government has set a vision for Housing in Wales called "Better Homes for People in Wales". In 2002 the Welsh Housing Quality Standard was introduced, which was revised in 2008. The standards will introduce a common target standard for all housing in Wales. The target for bringing all homes up to standard is by 2020. The projected costs to deliver the programme finishing in 2020/21 is £103 million. The Council currently owns 7,219 properties as at December 2018. WHQS has not been previously reviewed by Internal Audit.

The audit review considered the adequacy and effectiveness of the operating controls in relation to WHQS and focus was placed upon:

- The project management of the WHQS.
- The business planning arrangements in place.

A recent Wales Audit Office review was carried out called "The service user perspective - the Welsh Housing Quality Standard," the report was issued in August 2018. The overall conclusion found that the Council is making good progress towards achieving the Welsh Housing Quality Standard and most Council tenants are satisfied with the quality of the service and their homes.

The service has experienced several issues during the procurement process whilst procuring works, which has significantly delayed and impacted on the tender process. The delay has been formally documented and reported to the Housing Programme Board and has also been discussed with the Procurement Team. Controls have been implemented to improve communication & methods of working between procurement, however until this process is embedded the risk will remain.

Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. Appendix A of the report details our assurance levels:

Assurance:	Explanation
Amber Green - Reasonable	Key Controls in place but some fine tuning required: • Some refinement or addition of controls would enhance the control environment • Key objective could be better achieved with some relatively minor adjustments Conclusion: key controls generally operating effectively.

The table below highlights the number and priority of agreed actions to be implemented.

Priority	High (Red)	Medium (Amber)	Low (Green)	Total
No.	0	3	4	7

2 Summary Findings:

Areas Managed Well	Areas for Further Improvement
- There is an effective programme in place to deliver the WHQS. - Stock condition of properties has been carried out and is continually assessed. - The allocated budget is on target. - Regular reporting to the Housing Board to detail progress including risk management and strategy. - Annual performance returns to the Welsh Government. - The Council is making good progress towards achieving the Welsh Housing Quality Standard.	- Future planning and forecasting of the Housing stock needs to be considered. - Energy ratings of all properties should be tested. - Plans and policies should be reviewed and brought up to date. - Decisions surrounding the physical access to Council properties where access has been denied. - The introduction of a maintenance programme for individual components. - The Open Housing system should be fully completed and replicated with all of the data held on the WHQS spreadsheet.

3 Action Plan:

Priority	Description
High (Red)	Action is imperative to ensure that the objectives of the area under review are met.
Medium (Amber)	Requires action to avoid exposure to significant risks in achieving the objectives of the area.
Low (Green)	Action encouraged to enhance control or improve operational efficiency.

No.	Findings and Implications	Agreed Action	Who	When
1 (A)	In properties where the Council has implemented new components to meet WHQS, no future preventative maintenance programme or service programme is in place to increase or reach the life cycle of components. i.e. windows, doors and other components may begin to fail or fall into disrepair. This may place a large financial burden upon the Council in the future as replacement costs may be large due to no repair programme being invested in.	Currently the Capital Works Team do work to a planned maintenance programme where components are replaced when they are reaching the end of their lifecycle. We also complete statutory servicing such as Gas, Oil and Electrical Systems as required by law. Moving forward we will be reviewing the performance of our components which have been installed since this major investment works programme commenced. This is something we will be exploring over the current financial year (2019/20) to ascertain any known trends in terms of component failure and if a Servicing Programme would prolong the life of a component or ensure it reaches its expected end of lifecycle. We would need to analyse data relating to failures and repairs to effectively ascertain at which point each component would benefit the most from a service and if the cost associated with this would be effective & efficient. Flintshire County Council may not introduce a Preventive Maintenance Programme if the servicing costs do not extend or help achieve the lifecycles of the components. URN 02409	Sean O'Donnell	31/12/2020

No.	Findings and Implications	Agreed Action	Who	When
2 (A)	A Standard Assessment Procedure (SAP) rating, forms part of an Energy Performance Certificate (EPC), which must be carried out annually. The Energy Team within Housing manage this process and it is performed by external providers. The Council has an environmental programme and this has to ensure each property meets the environmental standard for SAP 65. There are 2,125 properties that do not meet the SAP 65 as at August 2018. There is a backlog due to staff resources within the Energy team and this has resulted in surveys/analysis not being carried out. The SAP rating is not currently recorded on the Open Housing system. Without the SAP rating not being known and recorded on the Open Housing system this may result in the WHQS not being achieved.	As the SAP rating score is part of the WHQS assessment criteria, ideally all EPC's to void properties should be completed. The data should be captured assessed and all returns and data uploaded into the UNO system before it is transferred into the Housing's Open Housing System. URN 02418	Sean O'Donnell	31/12/2020
3 (A)	The data used to monitor and prepare key performance indicators is within a spreadsheet maintained by WHQS. A large amount of this data is replicated within the Open Housing System, with the spreadsheet holding a large amount of specific data relating to the components, including tenants colour choices for kitchen and bathrooms etc. The data requires uploading to the Open Housing system to fully populate and ensure all specific details relating to properties can ease maintenance in the future and to enable all housing staff to have access to the complete set of information for each property. The risk of the data being corrupted or lost is significant within a spreadsheet. If this data is uploaded to Open Housing it will ease planning of any repairs in the future and provide all staff with the specifications of each property. It will also assist in providing the KPI's directly from the system, once all	It would be beneficial for all service areas to be able to access WHQS data as they may be able to deal with any queries more effectively and coordinate works/ access jointly. This is due to be completed as part of the Total Mobile Solution. The data should be imported into the Open Housing System relating to handover packs and certificates so that the aforementioned can be achieved. URN 02436	Sean O'Donnell	31/12/2019

No.	Findings and Implications	Agreed Action	Who	When
	the data is transferred.			
4 (G)	Whilst there is a Housing Asset Management Plan and a WHQS Compliance Policy in place, both have not been updated since 2016. Without an up to date Housing Asset Manager and WHQS policy, Members, Management and Capital Works officers may not apply consistent practices across the service and may impact on the implementation of future years' service delivery. The implications of these documents not being up to date could result in the failure of WHQS.	The WHQS Compliance Policy will be amended to state that the Policy will only be updated as and when WG Guidance is changed or there are significant and material changes externally that may impact upon policy. The position as observed in that the document had not been updated is considered to present no risk as Welsh Government had not updated their guidance documentation from which any of our amendments would naturally flow. URN 02417	Sean O'Donnell	30/09/2019
5 (G)	There are Council properties where tenants are refusing to provide access to WHQS officers. As a result it is unknown if the property meets or fails to meet WHQS. Properties where access to the Council is denied by the tenant are identified within the Open Housing System and may remain as non-compliant with WHQS. The WHQS staff update the Housing Officers with details of tenants where access has been denied. There are many reasons why Council staff are refused access into a Council property, a joint approach with the Housing Officers should ensure access is permitted. Future budget pressures may leave the Council vulnerable in the future if WHQS has to be applied retrospectively due to access refusal and cause a potential delay of achieving the WHQS deadline. Whilst capital allocation would be rolled over inefficiencies would be created due to economies of scale.	The Housing Management Service and Capital Works Service will work together to develop and implement a more robust procedure to address any tenants who refuse access to our properties. Although this is not a significant risk as WG are aware there will always be 'Acceptable Fails' this is something that should be implemented to address the no access properties as service delivery would improve with regards to future work programmes etc. URN 02430	Sean O'Donnell	31/12/2019
6 (G)	On completion of all WHQS works a handover pack is completed and signed by both the Contractor and the	It would be beneficial for all service areas to be able to access WHQS data as they may be	Sean O'Donnell	31/12/2019

No.	Findings and Implications	Agreed Action	Who	When
	Council. The pack contains all details of each component installed and all other works completed, i.e. roof, windows etc. There is a backlog of handover packs being uploaded and included on the Open Housing system. From the testing carried out not all handover packs have been uploaded on the system. Without the data not being fully available within the system, does not allow for all users of the system to have a complete picture of works completed in the property.	able to deal with any queries more effectively and coordinate works/ access jointly. This is will be completed as part of the Total Mobile Solution. The data should be imported into the Open Housing System relating to handover packs and certificates so that the aforementioned can be achieved. URN 02421		
7 (G)	The Open Housing System is capable of scenario planning and the system has a module to facilitate this. The tool is not currently utilised. The forecasting of the Council stock for future planning purposes will provide Housing with meaningful management information to allow for a long term business plan to be prepared and implemented. The service is currently introducing electronic handheld information devices (PDA) across the service. With the introduction of the PDA equipment across the Capital Works Team, the data gathered in the future within the open housing system will support the use of scenario planning.	The data should be imported into the Open Housing System so that Scenario Planner can be fully utilised to forecast and smooth work flow along with ascertaining resource requirements. URN 02429	Sean O'Donnell	31/12/2020

4 Distribution List:

Name	Title
Sean O'Donnell	Accountable Officer (Officer Accountable for the Implementation of Agreed Actions)

Name	Title
Neal Cockerton	Chief Officer - Housing and Assets
Sean O'Donnell	Capital Works Team Manager

Appendix A – Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
Green - Substantial	**Strong controls in place (all or most of the following)** • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.
Amber Green – Reasonable	**Key Controls in place but some fine tuning required (one or more of the following)** • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments Conclusion: key controls generally operating effectively.
Amber Red – Some	**Significant improvement in control environment required (one or more of the following)** • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. Conclusion: key controls are generally inadequate or ineffective.
Red – Limited	**Urgent system revision required (one or more of the following)** • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. Conclusion: a lack of adequate or effective controls.