Joint Audit and Governance Committee

South Oxfordshire District Council

Listening Learning Leading

Vale of White Horse District Council

AGENDA ITEM

Report of Internal Audit Manager

Author: Victoria Dorman-Smith

Telephone: 01235 422430

E-mail: victoria.dorman-smith@southandvale.gov.uk

SODC cabinet member responsible: Councillor Leigh Rawlins

Tel: 01189 722565

E-mail: leigh.rawlins@southoxon.gov.uk

VWHDC cabinet member responsible: Councillor Andy Crawford

Telephone: 01235 772134

E-mail: andy.crawford@whitehorsedc.gov.uk

To: Joint Audit and Governance Committee

DATE: 25 January 2022

Internal audit activity report quarter three 2021/22

> **Recommendations**
>
> (a) That members note the content of the report

Purpose of report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity at both councils for the committee to consider. The committee is asked to review the report and the main issues arising and seek assurance that action will be/has been taken where necessary.

2. The contact officer for this report is Victoria Dorman-Smith, Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), email victoria.dorman-smith@southandvale.gov.uk.

Strategic objectives

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

4.   Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the council's objectives. It assists the councils by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit assignment, internal audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

5.   Assurance ratings given by internal audit indicate the following:

    Full assurance: There is a good system of internal control designed to meet the system objectives and the controls are being consistently applied.

    Substantial assurance: There is a sound system of internal control designed to meet the system objectives and the controls are being applied.

    Satisfactory assurance: There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

    Limited assurance: There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

    Nil assurance: Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

6.   Each recommendation is given one of the following risk ratings:

    High Risk: Fundamental control weakness for senior management action

    Medium Risk: Other control weakness for local management action

    Low Risk: Recommended best practice to improve overall control

Completed audit reports

7.   As at 17 January 2022, since the last joint audit and governance committee meeting the following audits and follow up reviews have been completed:

    Completed Audits: 6
    Full Assurance: 0
    Substantial Assurance: 0
    Satisfactory Assurance: 5
    Limited Assurance: 1
    Nil Assurance: 0

Audit Area	Assurance Rating	Total Recs	High Risk	No. Agreed	Medium Risk	No. Agreed	Low Risk	No. Agreed
Joint								
Property management 21/22 (**appendix 1**)	Limited	**9**	1	1	7	7	1	1
Car Parking & Enforcement 21/22	Satisfactory	**13**	0	0	6	6	7	7
Cash Office 21/22	Satisfactory	**3**	1	1	0	0	2	2
Council Fees & Charges 21/22	Satisfactory	**6**	0	0	4	4	2	2
Creditor Payments 21/22	Satisfactory	**7**	0	0	2	2	5	5
Land Charges 21/22	Satisfactory	**3**	0	0	1	1	2	2
SODC								
None								
VWHDC								
None								

Follow Up Reviews

Audit Area	Initial Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing	No longer applicable
Joint							
Information Security 19/20	Limited	7	1	1	4	1	0
SODC							
None							
VWHDC							
None							

8. **Appendix 1** of this report sets out the key points and findings relating to the completed audits which have received limited or nil assurance, and satisfactory or full assurance reports which members have asked to be presented to committee.

9. Members of the committee are asked to seek assurance from the internal audit reports and/or respective managers that the agreed actions have been or will be undertaken where necessary.

10. A copy of each report has been sent to the appropriate service manager, the section 151 officer and the relevant member portfolio holder. In addition, reports are now published on the councils' intranet and limited assurance reports are reviewed by the strategic management team.

11.   Internal audit continues to carry out a six month follow up on all non-key financial audits to establish the implementation status of agreed recommendations.   All key financial system recommendations are followed up as part of the annual assurance cycle.

Financial implications

12.   There are no financial implications attached to this report.

Legal implications

13.   None.

Risks

14.   Identification of risk is an integral part of all audits.

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VICTORIA DORMAN-SMITH
INTERNAL AUDIT MANAGER

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<u>**1. Property Management 2021/22**</u>

MANAGEMENT SUMMARY

1. INTRODUCTION

1.1   This report details the internal audit review of procedures, controls, and the management of risk in relation to property compliance management. The audit has been undertaken in accordance with the 2021/2022 audit plan agreed with the joint audit and governance committee of South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC). The audit approach is provided in the audit framework in Appendix 1.

1.2   The following objective areas have been covered during the course of this review:

Objective area	Proposed high level scope
Obj1: Policies and procedures	• Confirm what policies and procedures are in place covering property management.
Obj2: Contracts and Services	• Establish what specialist services and contracts are in place to maintain key legislative and regulatory standards and obtain copies.
Obj3: Safety controls and routines	• Establish what checks are in place to maintain a safe environment and that these are performed in line with agreed operational requirements and comply to regulatory standards.
Obj4: Substantiating regulatory checks	• Establish whether site-based checks are reviewed and/or regularly submitted to the property team to monitor compliance and maintain a central record.
Obj5: Compliance performance reporting	• Establish what monitoring activities are in place, review any supporting schedules and validate that tasks have been completed as required.
Obj6: Inspections, monitoring, and stock condition surveys	• Establish whether regular monitoring and/or inspections take place and what checks are conducted.

2. PREVIOUS AUDIT REPORTS

2.1   Property compliance management has not previously been subject to a review.

3. 2021/2022 OVERALL AUDIT ASSURANCE

3.1   **Limited assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

3.2   Nine joint recommendations have been raised in this review. One high risk, seven medium risk and one low risk.

Objective area	Recommendations			Area assurance
	Low	Medium	High	
Obj1: Policies and procedures		2		Satisfactory
Obj2: Contracts and Services			1*	Limited
Obj3: Safety controls and routines		3		Satisfactory
Obj4: Substantiating regulatory checks			1*	Limited
Obj5: Compliance performance reporting	1			Substantial
Obj6: Inspections, monitoring, and stock condition surveys		2		Satisfactory
Totals	1	7	1	

   *Recommendation 3 is reported across objective 2 and 4 (High).

4. BACKGROUND INFORMATION

4.1   The council has a duty to ensure that buildings and land under their control comply with all relevant statutory, regulatory, and corporate standards.

4.2   The council should have robust procedures in place to control and manage what checks and testing is completed within the buildings they have legal responsibility for, including buildings that are used by staff, clients, and tenants. A wide range of health and safety responsibilities also fall on building occupiers.

4.3   Policies and procedures set out at a corporate level are frequently delegated to responsible premises managers to ensure that regular checks and control measures are carried out and recorded.

4.4   The council is faced with the situation where day to day responsibility and the majority of available resources may be delegated across multiple services, including, facilities, property, the operational service team responsible for the property, and the individual premises occupier. Ultimately, however, accountability remains at a corporate level with the council.

4.5   The council, as landlord, and the operational services functioning within the individual premises, are required to conduct a wide variety of regulatory testing and compliance checks, which may differ by property, dependant on individual site complexities. This is generally monitored by site inspections and service contracts maintained by the central property team where the councils are wholly responsible. Complexities arise where the councils may hold part-responsibility for compliance, or reliance for checks is solely on the individual service team and/or their tenants.

4.6   The councils have recently realigned the property service so that they are best placed to deliver the councils' objectives, and to reflect the direction of travel towards a corporate landlord model to manage the property portfolio more effectively. It is noted that although the structure has been realigned in name, the functions, appropriate resources, and service level agreements of a corporate landlord model have not been defined as yet by the organisation. A new head of service role has been created that is more property focussed and the council are actively recruiting for a Head of Development and Corporate Landlord.

5. MAIN FINDINGS

5.1   Objective 1: Policies and procedures

5.1.1   Polices and procedural documents associated to property management are published on the council's intranet, Jarvis. Per our inspection, records are outdated, and the last review documented in October 2017.

5.1.2   Procedural records list contact details for the previous facilities contractor (Vinci) and reference policies that are no longer published on Jarvis. Furthermore, of the eight polices published on Jarvis relating to property management, seven are overdue a review; the oldest dated June 2016.

5.1.3   A selection of job descriptions were obtained from the HR team across a number of teams that operate and manage services within council properties, to establish whether operational compliance duties and responsibilities were documented within individual roles. Upon review, generalised responsibilities were documented at service manager level, with more detailed duties and responsibilities recorded for operational officers.

5.1.4   There is no centralised record of training for individuals that conduct and monitor property compliance related tasks across council properties and services. The property team has created a training matrix that details the training completed by individuals within their team. Review demonstrated the training elements delivered were not consistent for all officers assigned roles relating to operational compliance and property management. It was also not clear from records that regular refresher training was in place to ensure officers maintain a good knowledge of safe operational practices.

5.1.5   Additionally, training for responsible officers that manage day to day operational functions at council operated properties is not in place. A centralised suite of training relating specifically to compliance management routines, including fire safety checks, legionella, asbestos and COSHH controls is not currently available.

5.1.6   **Area assurance: Satisfactory**

5.2 **Objective 2: Contracts and services**

5.2.1 The councils have in place a variety of maintenance and servicing contracts with several specialist contractors to assist the management of legislative compliance in relation to property and asset management. These contracts form part of the planned preventative maintenance schedule (PPM) to assist monitoring and management of such requirements.
This includes:

- Fire safety;
- Water treatment;
- Asbestos;
- Electrical safety including PAT and EIRC (fixed wiring);
- Lifts;
- Lifting equipment; and
- Gas safety.

5.2.2 Records to support the completion of servicing and/or legislative testing are not fully retained on the council's Computer Aided Facilities Management (CAFM) System, Concerto. Where some contractors rely on publishing their results within their own online portal, these records are not consistently transferred to the individual property site records on the Concerto system. As a result, records become fragmented across several data share-points and systems, presenting a risk that any findings, results, and potential management actions relating to specialist recommendations, may not be suitably disseminated.

5.2.3 The property team maintain a separate spreadsheet, independent of the Concerto CAFM system, for ease of look up for the completion of specialist services and PPM schedules. The Service Contract Inclusions document holds details for multiple properties for which the council hold responsibility for legislative compliance checks and testing.

5.2.4 Review of the Service Contract Inclusions document and Concerto system identified multiple properties with omissions in historic records, some of which have now been programmed and are awaiting initial testing of required legislative checks. Furthermore, where scheduled servicing and testing had to be postponed due to access issues, works remain outstanding with no date of completion recorded at the time of review.

5.2.5 **Area assurance: Limited**
One recommendation has been made as a result of our work in this area (Rec 3).

5.3 **Objective 3: Safety controls and routines**

5.3.1 Health and safety compliance inspections are conducted by the property team and individual service teams for property assets owned and operated by the council. This includes individual properties, shared properties, and land (see 5.6.1).

5.3.2 A schedule of property inspections was provided to internal audit, which demonstrated that all council assets were programmed to receive an

historic records to support completion were not routinely retained on the centralised CAFM system, Concerto.

5.3.3   Furthermore, uncertainty over who holds responsibility for particular compliance checks was conveyed by several service teams during discussions. Particularly where responsibilities may be split between the service team delivering the operational function, and the property team who manage specialist servicing contracts and planned preventative maintenance schedules.

5.3.4   The recently created Statutory Compliance Agreement documents that clearly define the split of compliance responsibilities across the service teams have been introduced by the property team, but had not been rolled out across all service areas at the time of review.

5.3.5   For properties that are leased and/or shared (where the councils act in a landlord capacity) letters have been evidenced as sent on occasion to tenants to obtain assurance that required statutory compliance testing and checks are being conducted, (as per the individual lease agreement). However, it has been asserted that emphasis should be on the lease agreement itself and associated employment laws (The Health and Safety at Work Act 1974), that responsibility lies with the occupying tenant to ensure compliance and a safe environment for employees.

5.3.6   Internal audit believes that being pro-active and consistent in this area would be beneficial to the councils and that demonstrating a willingness to peruse assurance that tenants are complying to legislative standards, mitigates the risk of a potential major incident occurring and should be considered best practice.

5.3.7   Routine landlord inspections have not been taking place due to the surveying team operating with a reduced capacity from June to November 2020, and the impact of Covid-19, resulting in a backlog of inspections. The team has recruited further team members and is now in a position to reinstate a regular inspection routine.

5.3.8   **Area assurance: Satisfactory**
         Three recommendations have been made as a result of our work in this area (Recs 4 - 6).

5.4   **Objective 4: Substantiating regulatory checks**

5.4.1   As reported within objective two, the councils have a variety of contracts in place relating to property maintenance and specialist services associated to legislative checks and compliance management for which the councils hold responsibility.

5.4.2   Review of the Service Contract Inclusions document suggests that some council owned properties had previously not been included for some aspects of scheduled PPM, but are due to be included for PPM from (May) 2021.

5.4.3   A review of historic records for service team properties, including mobile home parks, public conveniences, temporary housing, and community centres were not consistently available on Concerto. Further discussion highlighted that some specialist service providers, upload their servicing and test results

5.4.4 As a result, documents are not consistently retained in a centralised system and loaded onto the individual site information on Concerto. As such, there is a risk that records may not be reviewed by service teams/venue managers in a timely manner where management actions may be required.

5.4.5 **Area assurance: Limited**

One recommendation has been made as a result of our work in this area (Rec 3).

5.5 **Objective 5: Compliance performance reporting**

5.5.1 Specialist contractor servicing and planned preventative maintenance (PPM) schedules are monitored by the property team. A spreadsheet listing council properties that are included within the PPM schedule, details the dates of the last and next inspection.

5.5.2 Site based inspections are monitored and scheduled for each council property within an additional spreadsheet, that is also retained by the property team. This also lists the details of the last and next inspection due dates.

5.5.3 A centralised report that details compliance performance by individual property and/or service area is not currently in place or circulated. If such a report was implemented, this may assist raising awareness of compliance standards across council properties and services, and ensure greater visibility and adherence to legislative requirements.

5.5.4 **Area assurance: Substantial**

One recommendation has been made as a result of our work in this area (Rec 7).

5.6 **Objective 6: Inspections, monitoring, and stock condition surveys**

5.6.1 A two-year programme for health and safety inspections is scheduled against all council property assets, due for completion in July 2023.

5.6.2 Per review of the Inspections Trackers at the time of review (August 2021), of the 657 (311 SODC and 346 VWHDC) property assets listed, 193 (110 SODC and 83 VWHDC) or 29% had been completed, 455 (198 SODC and 257 VWHDC) or 69% of property asset inspections remain outstanding and nine (three SODC and six VWHDC) or 2% were N/A. It is noted that historic records were not consistently retained on the CAFM system, Concerto.

5.6.3 A sample of 20 (ten SODC and ten VWHDC) properties were selected at random to establish what supporting compliance records were present and held centrally on the Concerto CAFM system. The sample selection was based on the perceived higher risks associated to the site location and consideration of public and staff attendance at the sites.

5.6.4 Per review of sampled properties, records to support the completion of compliance checks and supporting evidence of remedial works for unsatisfactory testing, was not consistently available within the Concerto

CAFM system. As a result, it could not be established whether properties met the required testing and legislative standards.

5.6.5   Stock condition surveys were not evidenced as being regularly completed for sampled council properties and records were not consistently available on the Concerto CAFM system.

5.6.6   **Area assurance: Satisfactory**
Two recommendations have been made as a result of our work in this area (Recs 8 and 9).

6. ACKNOWLEDGEMENTS

6.1   Internal audit would like to take this opportunity to thank all staff involved for their assistance with the audit.

RECOMMENDATIONS

7. CATEGORISATION OF RECOMMENDATIONS

7.1   Audit recommendations have been assigned a risk rating, based on the below 3x3 risk matrix. The risks identified in each recommendation are examined to determine:
- the impact the risk would have against achieving the objective; and
- the likelihood that the event will occur

3x3 RISK MATRIX			
IMPACT	**Critical (>10%)**	6	8	9
	Major (2-10%)	2/3	5	7
	Manageable (<2%)	1	2/3	4
		Remote (<10%)	**Possible (10-50%)**	**Likely (>50%)**
		LIKELIHOOD		

7.2   To assist management in using our reports, we have categorised our recommendations, in line with the 3x3 risk matrix, according to their level of priority as follows:

Risk rating	3x3 risk score	Recommendation(s)
High risk	7-9	Rec 3
Medium risk	4-6	Recs 1, 2, 4, 5, 6, 8 and 9
Low risk	2-3	Recs 7
Very low risk	1	No verbal recommendations raised during audit fieldwork

1. Policies and procedures

Findings	Recommended Action(s)	Action Owner(s)
Findings Per our review of documents published on Jarvis, the following is noted: • All property management guidance documents are dated as last review in October 2017. • The previous facilities contractor (Vinci) is listed as the service provider within two documents, (the Asbestos guidance document and Legionella policy). • The Asbestos guidance document refers officers to review an Asbestos Policy. The associated policy is not published on Jarvis. Additionally, of the eight policies published on Jarvis, associated to property management, seven were identified as overdue a review. **Risk(s)** A lack of formal guidance for officers, may result in inconsistencies, errors, and lack of accountability. If the procedural guidance is not in line with current legislation, there is a risk that the councils are not following legal requirements.	a) Information pages, guidance documents and associated polices published on Jarvis to be reviewed in coordination with corporate health & safety, and updated to ensure relevance to operational practices and accuracy in current procedures. b) Policies and guidance documents to be version controlled and reviewed at regular intervals to operational practices and accuracy in current procedures.	Health & Safety Advisor Health & Safety Advisor

Management Response	Implementation Due Date
Recommendation is **Agreed** (a) Agreed that a review and overhaul of the policies and procedures is well overdue and necessary to ensure the councils have consistent standards and guidance for property compliance to support officers managing their assets across the councils. Originally these documents were created by the councils Health & Safety officer. In the first instance a discussion is required to determine who is responsible for leading on these documents and their future reviews and updates in the newly realigned structure. However, regardless of who is responsible it should take a collaborative approach of officers with both H&S knowledge and management and operating of buildings to update (and extending where necessary) these guidance documents. It may be appropriate for this to form part of the councils Health and Safety forum to review, monitor and update. Health and Safety needs to be embedded in the councils culture and structure for its approach to property management across the whole organisation. The proposed structure review and gap analysis work being proposed as part of the design phase of the corporate landlord model will also assist in determining how the corporate H&S and property compliance function should work under the corporate landlord model. (b) Once agreed on the primary lead for these policies and procedures they need to be managed, monitored updated and reviewed in accordance with the relevant industry standards. **Management response**: Property project management team leader and People & Culture Manager	A review of existing policies/guidance will be undertaken in Q1 2022 – list of all relevant documents created (April 2022) Agree owner for each document and/or working group including stakeholders (i.e. H&S, Property etc.) and timeline to update these. **Page 89**

	Liaise with Unison/SMT, where necessary (June 2022) NB: Timeline for completion of all updates unknown until first action has been completed

Obj1: Policies and procedures **Risk Rating: Medium**

2. Training **Risk Score: [4]**

Findings	Recommended Action(s)	Action Owner(s)
Findings Per review of the property team's training matrix, there are some training/knowledge gaps across the team that should be reviewed to ensure consistency in safe operational practices and compliance controls. Training for responsible officers that manage day to day operational functions at council operated properties is not currently in place. Regular training relating to compliance management routines, including fire safety checks, legionella, asbestos and COSHH controls is not currently available. **Risk(s)** A lack of training may result in errors and unsafe working practices.	a) In coordination with HR, review that adequate training is available and provided to individuals to conduct operational duties safely in respect of property management compliance. b) Establish and maintain a record of refresher training to ensure officers maintain good knowledge of safe operational practices and to ensure procedures may be reviewed following any changes to legislative standards.	Strategic HR Business Partner Strategic HR Business Partner

Management Response	Implementation Due Date
Recommendation is **Agreed** (a) The councils need to develop a robust corporate training matrix in relation to property related health and safety. The training should be based on the requirements of roles and responsibilities of staff who manage and/or operate the councils assets. This should be managed, coordinated, budgeted and recorded centrally by HR, but working in partnership with the Development and Corporate Landlord service managers and the service manager responsible for housing. One of the key deliverables of the Corporate Landlord Model design phase is to complete a structure review and gap analysis that will support in defining functioning job descriptions for each role and key tasks and responsibilities to enable officers to map against training needs and competencies requirements. (b) The HR system and/or Leah should have the capacity to manage and maintain training records including notifications or reporting on expiry dates to ensure refresher training is completed. This system will also support the budgeting process for training needs. **Management response**: Property project management team leader and People & Culture Manager	Targeting June 2022 – A reasonable timeframe based on the design phase of the CLM and gap analysis workstream Continuous following above action being executed

3.Servicing and maintenance records

Risk Score: [7]

Findings	Recommended Action(s)	Action Owner(s)
Findings Records to support the completion of servicing and/or legislative testing are not fully retained on the council's Computer Aided Facilities Management (CAFM) System, Concerto. Where some contractors rely on publishing their results within their own online portal, these records are not consistently transferred to the individual property site records on the Concerto system. As a result, records become fragmented across several data share-points and systems, presenting a risk that any findings, results, and potential management actions relating to specialist recommendations, may not be suitably disseminated. A review of historic records for service team properties, including mobile home parks, public conveniences, temporary housing, and community centres were not consistently available on Concerto. **Risk(s)** If contracts are not in place to provide specialist services to maintain legislative and regulatory conditions, there is an increased risk of harm, enforcement action, fines, and reputational damage.	a) A full review of properties where the councils hold responsibility should be undertaken to ensure that there are appropriate service contracts in place to ensure full adherence to regulatory and legislative standards. b) Officers should ensure that where servicing and/or testing at premises has been postponed, suitable arrangements are in place to ensure timely completion of any outstanding works required. c) Officers should ensure that all servicing and/or testing records are published/uploaded centrally onto Concerto in a timely manner, so any management actions may be reviewed and implemented as required.	Property Asset Manager (currently vacant) to lead with support from service managers and team leaders responsible for councils assets (buildings and land) Assigned to the identified responsible officer within the SLA Assigned to the identified responsible officer within the SLA

Management Response	Implementation Due Date
Recommendation is **Agreed** (a) The property team have already been introducing 'Service Level Agreements (SLAs)' for assets managed by other service teams to provide clear roles and responsibilities for compliance arrangements i.e., what is managed centrally and what the service teams are required to deliver. This work will be further progressed under the new Corporate landlord model to provide these agreements for all assets to ensure that the compliance responsibility split for each asset are known, agreed and being undertaken by the relevant persons.	Workstream aligned to Corporate Landlord Model – design and Implementation phase once approved. Likely to start in April 2022.
(b) To be included in the Facilities SLA (formerly known as the property agreement) and assigned to the identified responsible officer. A KPI to be included in the SLA stating that "Any statutory compliance task that is postponed must be re-booked by the responsible officer within 48 hours of the cancellation date (not the appointment date unless the same). The reason for postponement and the new visit arrangements are to be noted on the concerto task for audit purpose."	Best practice to implement immediately, but will need to be formally captured within the SLA's.
(c) Under the SLA split of responsibility it should clearly define how documents are to be managed, checked and uploaded to Concerto as the central depository. Following the project to upgrade Concerto the Councils appointed contractors will be able to upload directly through the suppliers portal. This will reduce resource workloads for the management of this process. **Management response**: Property project management team leader	Best practice to implement immediately, but will need to be formally captured within the SLA's

Obj3: Safety controls and routines

4. Property compliance responsibilities

Findings	Recommended Action(s)	Action Owner(s)
Findings Uncertainty and confusion over which service team holds responsibility for particular compliance checks was conveyed by several service teams during discussions, where responsibilities may be split between the service team delivering the operational function and the property team who manage specialist servicing contracts and planned preventative maintenance schedules. **Risk(s)** Where there is uncertainty and assumptions made regarding required testing responsibilities, there is a risk that site-based checks are not maintained increasing the risk of harm, enforcement action, fines, and reputational damage. If sufficient checks are not performed, there is a risk that non-operating and faulty systems, and items of poor physical condition will not be identified.	A review of assets to be conducted and where there may be contention of associated responsibilities, appropriate controls to be implemented to ensure there is clear ownership and acknowledgment of compliance management across services.	Property Asset Manager (currently vacant) to lead with support from service managers and team leaders responsible for councils assets (buildings and land)

Management Response	Implementation Due Date
Recommendation is **Agreed** As illustrated in the above management response 3(a) the creation of SLA's for all assets needs to be implemented. This can only be completed following the work to define the Corporate landlord model 'line' in order to have a clear understanding of the roles of responsibility for the asset for both the central resourced function and the team responsible for managing the asset. **Management response**: Property project management team leader	Workstream aligned to the structure review and gap analysis in the Corporate Landlord Model – design phase. Likely to be completed by April 2022.

Obj3: Safety controls and routines

5. Landlord/Tenant compliance

Findings	Recommended Action(s)	Action Owner(s)
Findings For council properties that are leased and/or shared (where the councils act in a landlord capacity) compliance letters have been evidenced as sent on occasion to tenants to obtain assurance that required statutory testing and checks are being conducted, (as per the individual lease agreement). Internal audit was unable to validate that this process was enforced for all leased/shared properties, as records of letters being sent are not retained centrally on the Concerto system. **Risk(s)** Landlord/tenant compliance checks are not maintained increasing the risk of harm,	Establish a procedure to ensure that compliance assurance letters are issued to appropriate tenants that hold responsibilities relating to legislative compliance (as per individual lease agreements) and retain response evidence on Concerto as best practice.	Strategic property manager

enforcement action, fines, and reputational damage.

If sufficient checks are not performed, there is a risk that non-operating and faulty systems, and items of poor physical condition will not be identified, which may result in costly repairs on termination of the lease and or tenants vacating the property.

Management Response	Implementation Due Date
Recommendation is **Agreed** Further work is required to define which leases fall into the category whereby the councils need to monitor tenant compliance and Concerto records need to be updated to hold these details. However, for multi-let properties with shared compliance, monitoring is well in hand. **Management response**: Strategic property manager / Property surveying team leader	April 2022

Obj3: Safety controls and routines — Risk Rating: Medium
6. Landlord inspections — Risk Score: [4]

Findings	Recommended Action(s)	Action Owner(s)
Findings Routine landlord inspections have not been taking place due to the surveying team operating with a reduced capacity from June to November 2020, and the impact of Covid-19, resulting in a backlog of inspections. The team has now recruited further team members and is now in a position to reinstate a regular inspection routine. **Risk(s)** If landlord/tenant inspections are not maintained there is a risk that properties may fall into a poor physical condition, which may result in costly repairs on termination of the lease and or tenants vacating the property.	Reinstate routine landlord property inspections to ensure council property assets are maintained to both legislative standard and individual lease agreements, with records retained on Concerto.	Strategic property manager

Management Response	Implementation Due Date
Recommendation is **Agreed** A rolling programme of inspections is being drawn up, with investment properties being prioritised in order to identify tenant breaches. **Management response**: Strategic property manager / Property surveying team leader	April 2022

Obj5: Compliance performance reporting — Risk Rating: Low
7. Monitoring activities and reports — Risk Score: [2]

Findings	Recommended Action(s)	Action Owner(s)
Findings A centralised report that details compliance performance by individual property and/or	Consider implementing a centralised Compliance Performance Report to	Property Asset Manager (currently vacant) to lead with support from Property

service area is not currently in place or circulated. If such a report was implemented, this may assist raising awareness of compliance standards across council properties and services and ensure greater visibility and adherence to legislative requirements. **Risk(s)** If there is no monitoring of compliance performance, there is a risk that required checks, testing and service maintenance may be missed, resulting in faulty and non-operating systems and a risk to life. There is a risk to potential enforcement action and fines where regulatory checks and testing are not completed in line with legislative requirements.	distribute to responsible officers and/or service teams that displays the status of compliance performance for individual properties and/or service areas, to raise awareness of scheduled works, due dates and outstanding tasks required to be completed.	Asset Management and Technical Services IT Solution project team

Management Response	**Implementation Due Date**
Recommendation is **Agreed** The existing CAFM system does currently provide an overview for compliance performance through a dashboard, however, due to the existing system design (created for Vinci processes and procedures) this is not currently set to meet the councils requirements. As part of the upgrade project to Concerto it will be explored to consider how the dashboard and its reporting function will provide the functionality the councils require to manage its compliance for all properties. The Concerto upgrade project to be completed by June 2022. This will be addressed following the Go Live date. **Management response**: Property project management team leader	To be implemented with the Go Live date of Concerto – Estimated date is June 2022

Obj6: Inspections, Monitoring and Stock Condition Surveys

Risk Rating: Med

8. Property inspection schedule – (All assets)

Risk Score: [5]

Findings	**Recommended Action(s)**	**Action Owner(s)**
Findings Per our review of the Inspections Trackers at the time of review (August 2021), the following is noted: **SODC** • Of the 311 SODC property assets listed, inspections had been recorded as completed for 110 (35%); • 198 (64%) SODC property asset inspections remain outstanding at the time of review; • Three (1%) properties are recorded as N/A. **VWHDC** • Of the 346 VWHDC properties assets listed, inspections had been recorded as completed for 83 (24%); • 257 (74%) VWHDC property asset inspections remain outstanding at the time of review; • Six (2%) properties are recorded as N/A. **Risk(s)** If property asset inspections are not completed there is a risk that defects and	a) The property inspection schedule to be reviewed to ensure there is adequate resource to conduct property asset inspections in a reasonable timeframe. b) Where the responsibility of property inspections fall to service teams, this should be clearly communicated with the relevant team with an appropriate timing schedule.	Property Asset Manager (currently vacant) to lead with support from service managers and team leaders responsible for councils assets (buildings and land) As above

maintenance issues that may cause a risk of harm may not be identified and actioned.	
Without an independent review of compliance, there is a risk that records may be surreptitiously completed for compliance purposes only and/or falsified.	

Management Response	**Implementation Due Date**
Recommendation is **Agreed** (a) There is currently a two-year programme for health and safety inspections scheduled against all council property assets, due for completion in July 2023. A five-year rag rated schedule is currently being considered ongoing and to be presented and agreed by services managers responsible for properties and the Head of Development and Corporate Landlord. However, a discussion with health and safety is required as the new Health & safety policy states yearly. Once agreed this will be uploaded to the upgrade Concerto version and provide a schedule for officers to manage and execute. (b) There is currently only one compliance officer within the organisation and as part of both the SLAs and officers who manage and or maintain land assets it will need to identify who is the responsible officers for completing these inspections. The responsible officers, if not already, will require training to ensure that they are competent to complete these inspections and ensure that they manage appropriately. These will need to be added to job descriptions (roles and responsibilities). **Management response**: Property project management team leader	Discussion required between property service managers and H&S advisor to review new H&S policy. Meeting set for January 2022, aiming for mid-February 2022 completion. Workstream aligned to Corporate Landlord Model – design and Implementation phase once approved. Likely to start in April 2022.

Obj6: Inspections, Monitoring and Stock Condition Surveys

9. Stock condition surveys – (Buildings)

Risk Rating: Med

Risk Score: [5]

Findings	**Recommended Action(s)**	**Action Owner(s)**
Findings Stock condition surveys were not evidenced as being regularly completed for sampled council properties and records were not consistently available on the Concerto CAFM system. For the 20 (10 SODC and 10 VWHDC) properties reviewed within the sample, stock condition reports/surveys were not evidenced on the Concerto system as regularly completed. **Risk(s)** If surveys are not completed to assess the condition of properties, there is a risk that defects and maintenance issues that may cause a risk of harm may not be identified and actioned.	A regular programme of building stock condition surveys to be in place to ensure that council assets are suitably managed and maintained.	Property Asset Manager (currently vacant)

Management Response	**Implementation Due Date**
Recommendation is **Agreed** There has historically not been an internal building surveyor resource for the councils, and these services have been procured on an ad hoc basis. Due to the inconsistent approach the overview of the councils assets is inadequate. Since mid-2020 the councils have appointed agency staff to try and bring this programme back up to date.	Programme to be agreed following the appointment the new Property asset manager

This will need to be agreed as a rolling programme in order to feed into the reporting in the overall performance of our assets to understand the short, medium, and long term for running costs of our assets. This will feed into the council's budget setting, project works, and reporting cycles.
Management response: Property project management team leader