

Title: **Internal Audit Reports - KPMG –
Private Sector Housing renewal 2007**

Portfolio holder: **Cllr Virginia Fortescue**

Reporting officer: **Janet Homewood – Housing Renewal Manager**

Purpose

To consider the proposed response to an internal audit report from KPMG on Private Sector Housing Renewal

Background

In 2007 KPMG carried out an audit of the Council's approach to the use of grants to promote private sector renewal. In a report published in October 2007 they concluded that *"there is a considerable risk that objectives may not be fully achieved. Significant improvements are required to enhance the adequacy and/or effectiveness of risk management, control and governance. As a result we have graded this area as weak."*

This area has been through a period without a direct line manager or team leader since the renewal Manager and Principal private sector renewal officer left in March 2007. At this time other front line officers left the team through redundancy, early retirement or offers of jobs elsewhere leaving only 3 half time officer to cover the work load of the team. Consequently for a considerable part of 2007 the team has been unable to carry out other than highest priority front line duties.

A Housing Renewal Manager has now been in place since 1st October and changes are now being made in response to the matters raised in the KPMG audit.

Key Issues

The following table sets out the matters raised by KPMG and the action in response to the issues.

	Details/risk I	Proposed action	WWDC comments	whom	when
1.	Compliance with Constitution procurement procedures (med)	The Housing Renewal Section should review their procedures to ensure they comply with the guidance laid out in the Constitution. In the future, any changes should be checked to the Constitution for compliance prior to their implementation.	Procedures have now been changed and three quotes are always asked for except in some cases stair lifts.	JH	DON E
2.	Enforcement of grant conditions (High)	A system should be developed that clearly identifies the process by which charges are to be registered, and grants reclaimed.	Although land charges are referred to in the policy they are not referred to in the general terms and conditions which are part of the policy. Land charges are not currently enforceable due to this. The Housing renewal policy will need to be amended to accommodate this.	GH	Feb 2008
3.	Enforcement of grant conditions (High)	It is further recommended that the register of decent homes and house renovation grants is reviewed to ensure that a charge has been applied to all properties. A periodic review of the register of charges should be completed by the Housing Renewal Manager.	See above – as we are not currently issuing discretionary grants there is no risk to the council at present.		
4.	Reporting of	The Housing renewal Policy should be	This will also have to go to full	GH	Feb

	property charge waivers (Med)	amended to include a direction that all waivers in excess of £300 should be reported to Cabinet.	council as part of the housing renewal policy.		2008
5.	Reporting of property charge waivers (Med)	It is further recommended that all waivers are reported half yearly to the Head of Finance.	This will be implemented following implementation of 4 above		
6.	Provision of grant condition information (Med)	The Council should ensure that the third party responsible for administering all grant applications provide the applicants with information in respect of the grant conditions.	Enquiries are now being sent to the council and information sent out at this time. Grant approvals are now sent directly to the applicant inclusive of grant conditions.	JH	Done
7.	Procedure notes (Med)	Procedure notes should be updated and include; how grants are to be approved; how eligibility to receive a grant is assessed; how contractors are to be selected and assessed; how grant conditions are explained to applicants; how grant conditions are to be implemented, monitored and reclaimed; and what is expected to be documented on site visits.		JH	Dec 2007
8.	File structure (High)	A checklist be developed that clearly identifies all documents to be held on file. It is further recommended that all staff are informed of the requirements	The structure and documentation has been reviewed and changed and checklists are being used for grant approval and final payment. Monthly review to be carried out	JH & GH	Done

		regarding documentation to be held on the file and that the files are reviewed monthly by the Housing Services Manager to confirm compliance with the instruction.	from Jan 08		
9.	Budget monitoring (Med)	The Housing Services Manager reviews the budget with both the Housing Renewal Manager and the member of Finance.	A spreadsheet showing commitment and spend is maintained now and kept on the housing drive so it is available to all housing staff. Monthly meetings are taking place	JH & GH	Oct 2007
10	Schedule of rates (Med)	The Council should make further enquiries to ascertain if a schedule of rates can be established.	We have started asking for a break down of the winning quote for all grants. This will help give us some material to work with. Housing Renewal Manager will assess what we can further do in January 2008.	JH	Jan 2008
11	Benchmarking (Low)	The Council to introduce benchmarking on an annual basis.	May need to be linked to LGR work	JH	Mar 2008
12	Approved list of contractors (Low)	The Council to develop the approved list as a priority.	Need to allow time for contractors to put together the information required and for us to assess this	JH	Mar 2008
13	Additional work (Low)	All requests for additional to be reviewed by the Housing Services Manager before approval for it to commence is given. It is further recommended that a process of inspection be introduced to confirm the validity of the application.	Inspects are now being made to ensure that the work is necessary and eligible. A process for additional work over a set sum to be brought to the Principle renewal officer for approval before sanctioning will be included in the procedures. This is unnecessary for small amounts and would cause an unreasonable delay in work.		

Outstanding from 2002

1. Check list for grants
This is now being used for grant approvals this also lists the criteria for a Disabled Facilities Grant.
2. Schedule of rates
See above (number 7)
3. All work costed by grant officer
We have recently started requiring estimate breakdowns to give us a better idea of prices and we will soon be able to start assessing grants better with these.
4. Approved list of contractors
See above (number 10)
5. Formal policy for inspections
This can be included in the procedures
6. Quality control for the contractors performance
This should be related to the approved contractors list and a checklist for final inspection and applicants consultation will be designed for when this is implemented.
7. Documentation for means test and use of IT system
Documentation is now photocopied for the file; FERRET has been purchased but needs to be used

Effect on strategies and codes

The report and recommendations of KPMG will mean changes to the Housing Renewal Policy, which is part of the Councils policy framework.

Risk management implications

These are referred to above

Finance and performance implications

There are implications regarding placing land charges on properties where assistance is carried out and the possible reclamation of this money. These grants are currently suspended though due to lack of resources.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

- Changes need to be made to the Housing Renewal Policy
- Procedure notes to be written during December 2007
- Work to assess the feasibility of a schedule of rate end of January 2008.
- Benchmarking against other districts end of March 2008
- Approved list of contractors end of February 2008
- Assessment of contractors performance from March 2008

Recommendations

The Private sector housing renewal report is noted.